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Japan

'Rough Sailing' Expected in U.S. Trade Talks

OW0409111693 Tokyo KYODO in English 1104 GMT 4 Sep 93

[Text] Tokyo, Sept. 4 KYODO—Rough sailing is anticipated for a series of Japan-U.S. talks opening next week to discuss a new framework for bilateral trade, government sources said Saturday [4 September]. The sources said a serious war of words seems inevitable over a U.S. proposal for Japan's pledge to increase imports to slash its bloated trade surplus.

Japan has agreed to set objective criteria for its imports as a compromise to appease Washington seeking numerical targets for reduction of its trade surplus, the sources said. Both sides still remain apart on the interpretation of objective criteria, and a conflict is expected over the issue during the trade negotiations, they said.

The two countries have agreed to engage in talks on sectoral and macroeconomic issues, including government procurement, deregulation and expansion of Japan's domestic demand, the sources said.

The forthcoming series are based on an agreement reached between U.S. President Bill Clinton and former Japanese Prime Minister Kiichi Miyazawa immediately after the Tokyo Summit of seven major economic powers in Tokyo in July.

A subcabinet level session, the opener in a series of framework talks, will be held in Washington Thursday to set a schedule for negotiations, they said. Bilateral cooperation in preserving the global environment and combating AIDS will also be discussed at this session, they said.

Framework talks divided in five "baskets" of trade issues will be conducted in 16 working groups, the sources said. The five major areas of discussion will be government procurement, deregulation and fair competition, automobile and auto parts trade, harmonization of economies in both countries and measures to implement existing agreements, they said.

Issues involving supercomputer trade and liberalization of the insurance market will also be studied in working groups.

The Washington session, which may be extended to Friday, will be followed with a three-day session opening in Hawaii Sept. 19 on insurance, government procurement and economic harmonization. Both sides plan to come up with a conclusion on all topics by January of next year, the sources said.

U.S. Said Likely To Delay Employment Summit

OW0709053593 Tokyo KYODO in English 0519 GMT 7 Sep 93

[Text] Tokyo, Sept. 7 KYODO—Labor Minister Chikara Sakaguchi said Tuesday [7 September] an employment summit the United States has proposed to host in the fall may be delayed because of the U.S. domestic situation. U.S. Labor Secretary Robert B. Reich has proposed a conference this fall of cabinet ministers in charge of labor problems to promote employment on a global basis.

Sakaguchi made the prediction at a news conference, citing a report by Kunihiko Saito, director general of the Labor Relations Bureau, who visited Washington recently for preparatory talks with Reich. Reich told Saito the conference may be delayed due to a tight diplomatic schedule, Sakaguchi said.

Tokyo Agrees To Cut Car Exports to EC by 10%

OW0409050493 Tokyo KYODO in English 0451 GMT 4 Sep 93

[Text] Tokyo, Sept. 4 KYODO—Japan agreed Saturday [4 September] to cut the ceiling for its automobile exports to the European Community this year by 10 percent from the earlier agreed level, officials said.

The new ceiling is set at 980,000 vehicles against the previous figure of 1,089,000. The EC had demanded that Japanese car exports reflect a drop in car demand in the 12-nation community.

The chairman of the Japan Automobile Manufacturers Association, Yutaka Kume, said the agreement will have a very severe effect on the auto industry. But he said it was inevitable in view of the conditions facing the EC auto market, which are much worse than expected.

The Japanese car industry will continue to exercise prudence in its exports to the EC while respecting the spirit of the 1991 Japan-EC Auto Accord, Kume said.

The 1991 accord calls for the EC and Japan to monitor Japanese exports during a 1993-1999 transitional period before the EC auto market is fully liberalized in 2000.

In talks with Brussels in April, Tokyo agreed to cut its EC-bound exports in 1993 by 9.4 percent from the previous year on the basis of a forecast 6.5 percent drop in EC car demand this year. But the EC, faced with a sharper slump in EC car demand, had asked to renegotiate the accord for a larger cut in Japanese exports.

The new agreement calls on Japan to cut its 1993 vehicle exports by 18.5 percent from the previous year. EC car demand plunged 18 percent in the first seven months of this year from the same period last year, including a fall of over 20 percent in Germany, which accounts for nearly one-third of the overall EC market.

The bilateral auto talks, which were originally scheduled for two days, began Thursday at Japan's Ministry of International Trade and Industry.

Japanese automakers will formulate new export plans for the EC market based on the agreement. But they need only make small revisions for the rest of 1993 because shipments to the EC between January and July were only 730,000 vehicles, down 15 percent from a year before, due to the general slump in the market and expanded local production by Japanese makers, industry observers said.

In addition to the figure for the whole of the EC, the two sides set country-by-country ceilings for five EC nations. Such ceilings for this year are 69,000 vehicles to France, unchanged from the 1992 export level, 38,800 to Italy, up from 37,000 exports in 1992, and 29,300 to Spain, down from 31,000. The ceiling of exports to Portugal is set at 39,000 vehicles, up from 37,000, and those to Britain at 202,800, up from 168,000.

Automakers 'Reluctantly' Agree

OW0409051193 Tokyo KYODO in English 0443 GMT 4 Sep 93

[Text] Tokyo, Sept. 4 KYODO—Japanese automakers reluctantly accepted Saturday's [4 September] Japan-European Community (EC) agreement for further reduction in the number of Japanese cars exported to the EC. "I think the government simply had no choice but to accept the request due to the sharp slump in demand for cars within the EC," said a senior official of a major car manufacturer.

Earlier Saturday, Japan and the 12-nation EC reached an accord to limit to 980,000 the number of Japanese cars exported to the region in 1993, down some 10 percent from the 1,089,000-vehicle level set in an earlier agreement.

There are concerns, however, in the Japanese auto industry that the new figure could actually become the ceiling for Japanese exports in 1994 and after. An official from one automaker called for "flexible" implementation of the pact on both sides, saying, "The two countries should start talks over raising the ceiling once demand in the EC picks up."

Japanese car exports to the EC amounted to slightly more than 730,000 vehicles in the January to July period this year, down 14.6 percent from the same period a year earlier. Since May, the exports have been languishing at levels 30 percent or more lower than year-earlier levels.

With severe slumps in major European markets, including the largest-selling German market, "there is little hope that the exports will recover any time soon," said an official at the Japan Automobile Manufacturers Association.

In a press release issued after Saturday's talks, the EC Commission said both sides estimated auto demand in Europe for this year at 11.73 million vehicles, down 15.9 percent from last year. The sum compares with 13.03 million vehicles forecast in April.

The latest talks were held on the initiative of the EC Commission because of worries that the dismal market outlook will cause the EC auto industry to face "further difficulties that would disrupt its efforts to restructure" and lead to "severe social consequences," the press release said.

Tokyo Plans Assistance To Help PLO Self-Rule

OW0609135493 Tokyo KYODO in English 1335 GMT 6 Sep 93

[Text] Tokyo, Sept. 6 KYODO—Japan plans to provide money to assist Palestinian self-rule in Israeli occupied territories if a peace accord between Israel and the Palestine Liberation Organization is concluded, government sources said Monday [6 September]. A top Foreign Ministry official said, "Japan must contribute its share if peace in Palestine is realized."

Japan will discuss which fields it will provide assistance and in which regions, and how much will be needed, while closely consulting with the United States and the European Community, the official said.

Vice Foreign Minister Kunihiko Saito said in a press conference Monday the U.S. Government had informally urged Japan to provide financial aid to help pay for establishing self-government for Palestinians in Israel. Saito predicted Japan is expected to contribute to areas such as environmental and economic development.

For the fiscal 1993 budget, covering the year ending next March 31, the government budgeted 12 million dollars to partially fund a U.N. program to feed Palestinian refugees in the West Bank and Gaza Strip.

UN Request for Medics for PKO Forces Studied

OW0609013693 Tokyo KYODO in English 0049 GMT 6 Sep 93

[Text] Tokyo, Sept. 6 KYODO—The United Nations has asked Japan to dispatch a team of some 40 medical personnel to take part in U.N. peacekeeping operations [PKO] along the Iraq-Kuwait border, the YOMIURI SHIMBUN reported Monday [6 September].

The request was the first that the world body made to Prime Minister Morihiro Hosokawa's coalition government, which includes members of the Social Democratic Party (SDP), the YOMIURI SHIMBUN said in a front-page article. The SDP has opposed the overseas dispatch of Self-Defense Forces for any purpose.

The YOMIURI said the U.N. request is under study by the government's International Peace Cooperation Headquarters, the Foreign Ministry and the Defense Agency.

A delicate cease-fire is in place along the Iraq-Kuwait border, the YOMIURI said, and a cease-fire is one of five conditions under which Japan can participate in U.N. peacekeeping operations. The YOMIURI said about 1,500 U.N. troops from more than 30 countries, including a medical unit from Norway, are in the demilitarized zone between Iraq and Kuwait, under an April 1991 U.N. resolution.

Study Said Not 'Full-Scale'

OW0609050693 Tokyo NHK General Television Network in Japanese 0310 GMT 6 Sep 93

[From the "NHK News" program]

[Text] It has been disclosed that a UN official has sounded out the Japanese representative office at UN Headquarters about the possibility of Japan dispatching a medical team to be in charge of medical activities related to UN peacekeeping operations (PKO) along the Iraq-Kuwait border which the United Nations has been engaged in since the end of the Gulf war.

According to a government source, an official at the UN PKO Bureau made this request over the phone last week to a Japanese official at Japan's UN representative office. In his request, the UN official stated that Norway had expressed its hope to withdraw its medical unit which had been dispatched to participate in operations with the UNIKOM—the UN Iraq-Kuwait Observer Mission—along the Iraq-Kuwait border. The official asked if Japan would be able to dispatch a medical unit of about 40 members from its Self-Defense Forces to take their place.

The government maintains that such PKO activity may fully satisfy the five principles for dispatch—such as cease fire accords—as stipulated in the PKO Cooperation Law. However, since the request was made by a UN official whose position is of comparatively low rank, the government will not immediately undertake a full-scale study of the proposal, but will wait to see what further measures the United Nations takes.

Prime Minister Hosokawa Interviewed on 3 Sep

OW0409043693 Tokyo NHK General Television Network in Japanese 1300 GMT 3 Sep 93

[Interview with Prime Minister Morihiro Hosokawa by NHK commentator Tadahisa Takashima, NHK reporter Yuko Kuniya, and Tokyo University Professor Tsuyoshi Sakaki on 3 September at his official residence—recorded]

[Text] [Takashima] Mr. Prime Minister, after you were appointed prime minister, the first thing you said was that a new era was beginning and that responsible reforms would be undertaken. In a news conference later on, you said that an old building came down and you were preparing the ground for a new one that needs to be built. Approximately one month has passed since then. Do you feel that a new era and the work of preparing the ground and building the new structure have begun?

[Hosokawa] A little less than one month has passed since then. The only real feeling I have is that I have been very busy every day. I have had busy days, but I am doing things in my own way. Maybe things are beginning to change little by little. I somehow feel that many people in Japan are beginning to expect this of me.

[Takashima] The world is undergoing dramatic changes, but I must say that very rarely has a person become prime minister the way you did. Now that a month has passed, have you discovered anything different about the prime minister's post from what you thought previously?

[Hosokawa] Not really. I imagined what kinds of things the post would involve. [laughter]

[Kuniya] Was it a month ago? When you accepted the post, you did so, saying it was God's will. Until then, you had said you wanted to stay with a third force and to affect politics from the outside. Before making the decision to accept the position, you appeared to hesitate. Why did you decide to accept the post at that time?

[Hosokawa] As I said at that time, I thought there was no choice but to accept it—as my destiny and God's will. I thought at that time there was no choice but to make a resolution to that effect. In fact, there was no time to hesitate, so I made a decision without wasting any time.

[Kuniya] Don't you think things are going too fast now?

[Hosokawa] That condition is not limited to Japan. After the Berlin Wall came down, the East-West Cold War structure was removed, and the Soviet Union disintegrated. All these historical changes happened very quickly—at a speed one could not have imagined possible. I have been obliged to realize once again that history books written by humans really cannot serve as predictors of what will happen in the future. Observing events taking place here and abroad, I have come to appreciate this deeply.

[Takashima] Could one say that you are finding those things envisaged in your own scenarios happening faster than you expected?

[Hosokawa] I agree they are taking place at a faster speed than expected.

[Kuniya] Mr. Prime Minister, you have said the government should keep its eyes on the people—that government should side with the people. Specifically, how do you intend to do this?

[Hosokawa] I raised a flag for a new party in May last year—all alone, by myself. For the past one year and several months, I have continued to run the race. Two or three people joined me, then four or five people joined me, and the party has kept on growing to several hundreds of thousands, and on to millions. I feel I have come to this point, together with Japan's people. I do not want to forget the will and purpose I had when I started out all alone. I have said I want to stand on the side of the people—not on the side of Nagata-cho [the town in Tokyo where the Diet is located] or on the side of producers. I have said this because I will not forget about the party's roots.

[Takashima] When you started the party, and when you campaigned for the House of Representatives, and then when you were appointed prime minister, you said you would push to carry out responsible change. In your keynote speech to the Diet, you declared you would govern the nation under the motto of responsible change.

Regarding this expression—responsible change—U.S. President Bill Clinton fought in the presidential campaign under the slogan of change for his country. Actually, since becoming President, he has made active efforts to tackle issues that no President before him did anything about—like reducing the deficit or reforming the health care system.

In the case of Prime Minister Hosokawa, what will his responsible changes specifically target? What approach does he intend to pursue to reach these goals? We would like to know.

[Hosokawa] Yes, Mr. Clinton explained the need for change in his country, but I feel many Japanese also want continuity, stability, and trust now. That being the case, it is not desirable to declare everything that has been accomplished by preceding administrations null and void. We need to keep good things while changing in a daring manner whatever needs to be changed. People will feel secure only when we handle things in this manner. Based on this viewpoint, I came up with the words—responsible change—by adding the word responsible to Mr. Clinton's word—change.

We need to choose basic political ideals or political programs. We have revealed a specific direction for some factors by announcing what we want to do for political reform or consumer-oriented programs—which shows that we are different from previous administrations. I think my governing style is also different. I hope changes—responsible changes—will keep on taking place step-by-step, with all these factors included.

[Sakaki] Speaking of political reform, proposals by both the ruling coalition and one by the Liberal Democratic Party [LDP] are ready, and the Diet will open soon. I think there are some differences between the two proposals, and we anticipate various efforts to readjust or negotiate them. As prime minister, are you anticipating such efforts too?

[Hosokawa] Of course I think deliberations will be made in the Diet. I think concessions should be made where they are necessary and agreements should be made where appropriate.

[Sakaki] I understand the LDP proposal, which combines elections from single-seat districts with elections from proportional representation, is in favor of conducting the single-seat district election under the one-vote-for-one-voter-system and the proportional representation election based on units of prefectures and major cities. How do you compare their proposal to the coalition's?

[Hosokawa] Many views were expressed toward the end of the preceding Diet session on that question, and since then, political circles have also held many discussions on that topic. In the end, we concluded that the system that basically elects about one-half each of 500—or about 250 each—from the single-seat districts and proportional representation would be appropriate for the country because it will correctly reflect the public and enable them to choose a government they want.

Of course, I am not saying the proposal is absolutely unshakable. I hope full discussions will be made on the basis of the proposal. Even for the question of whether to choose the one-vote-for-one-voter system or the two-votes-for-one-voter system, active discussions are encouraged since both systems should have merits and demerits. As far as the coalition's proposal is concerned, the outcome was agreed upon after discussions were held, and the government fully understands the matter.

[Takashima] Reforming the political fund control system is another focal point of the political reform issue. Mr. Prime Minister, you have clearly indicated your intention to seek complete abolition of political donations from the business sector. While the coalition agreed to wait five years to review business donations to parties, your beliefs have remained unchanged, right?

[Hosokawa] Absolutely right. We have agreed that donations to individual politicians will be abolished immediately, and donations to political parties will be reviewed after five years, after taking into account opinions against the current practice. Frankly, it is difficult to change existing systems all at once. A realistic approach is to seek their abolition on a step-by-step basis.

[Takashima] Keidanren recently decided to stop acting as a conduit for donations from its member companies to political parties. What do you think of this?

[Hosokawa] I think it is very good news, and that the times demanded such action. Conversely, it is necessary to secure sources to cover the minimum costs of a democracy, which is why coalition parties are discussing introducing public subsidies and controlled abolition of political donations. My opinion will be proposed as the government's plan, and I am happy to negotiate with other parties to jointly work out the final plan. I think it is desirable that the final plan is compiled as an accord among all parties.

[Takashima] In connection with the public subsidy issue, the public is eyeing the coalition's proposal for a 60-billion-yen [Y] subsidy for political parties. Since the LDP says Y30 billion is enough, some people are questioning on what grounds the coalition is demanding such a huge amount of money. I personally am afraid that it may adversely affect the image of the coalition-led political reform. Could you tell me your opinion on, or understanding of, the coalition's draft plan?

[Hosokawa] In my opinion, the primary concern should be in what manner parties use political funds. Of course, there should be various opinions on the desirable size of political funds, and we must provide justifiable answers to the public's questions. Yet I believe it is more important to secure visibility in each political party's expenditures. I would like to steadily carry out political reform on these grounds, as part of a package that includes electoral system reform and control over donations.

[Takashima] Some quarters are concerned that sources of political donations may become more invisible when Keidanren abolishes its funding practices. What do you think?

[Hosokawa] It depends to what degree we can secure the visibility of expenditures. In addition, we need more severe penalties for people who accept underground money. I think the visibility of money and more severe penalties should be provided to prevent further money scandals.

[Takashima] Speaking of legal penalties, you have been calling for more severe penalties against political corruption in line with some coalition members. In the UK, it took about two decades after the 1883 Anticorruption Act to actually eliminate political corruption. At present, candidates for Britain's House of Commons spend only about Y1.2 million on their campaigns. I think the British have achieved this through constant efforts, even after the anticorruption legislation was passed. Now that Japan is going to mark the first step toward its goal, I would like to ask your tangible plan to realize clean, less expensive, and corruption-free politics.

[Hosokawa] I guess you mean top priority should be given to anticorruption measures....

[Takashima, interrupting] I meant how are you going to introduce a well-established anticorruption mechanism into the Japanese political system?

[Hosokawa] Electoral reform, penalties, and public subsidies—all of these must be simultaneously handled as one package, or political reform efforts will come to naught. Concerning the visibility of political funds, the existing laws do not require that monetary transactions of less than Y1 million be reported; however, the exemption will be lowered to Y50,000. [figures as heard] Thus, most individual reform measures are designed to reinforce the existing system, and the package will certainly bring about great improvements.

[Takashima] We believe the ongoing debate is the first step toward paving the way to reform. In this sense, we hope you indicate some kind of future agenda for political reform.

[Hosokawa] I agree with you on that point. Depending on what is discussed, we can probably provide certain deadlines for mandatory review of untouched issues. But I want to go as far as possible at this opportunity because carrying out political reform is difficult work anyway.

[Takashima] The coalition's political reform plan includes such detailed points as allotment of single-seat and proportional representative constituencies and the amount of public subsidies to parties. Which proposal is impossible for you to yield on?

[Hosokawa] The plan was provided based on discussions among the ruling coalition parties, and the government intends to respect the interparty accord.

[Takashima] Are you ready to make some concessions to the opposition if the occasion demands it?

[Hosokawa] As a matter of course, everything is negotiable under a parliamentary democracy. The government is about to submit its bills to the Diet, but we are viewing certain chances for amendments before enacting the bills.

[Takashima] Please let me reconfirm this point. Do you really mean everything is negotiable?

[Hosokawa] Generally speaking, it is a matter of course. We must be ready for negotiations on all bills we provide. A parliamentary democracy cannot function if the government refuses to negotiate. Under a democratic system, nobody can seek 100-percent satisfaction, but acceptable accords can be reached about 70 percent of the time. In this sense, I think general democratic principles always ensure these possibilities.

[Kuniya] Please let me ask about the future direction of political parties' regroupings. During Diet interpellations, you have said you think the nation's political scene will move toward a moderate multiparty system after the political reform bills are enacted. In your view, what is a definite number of parties for the moderate multiparty system? In which countries do such systems exist?

[Hosokawa] I am not very familiar with foreign affairs, but I think there are seven parties in Sweden and five in France. Because the people's sense of values is very diversified in the current era, I feel it is difficult for the political system to turn into one based on two major parties. Of course, 10 or 15 parties are too many, and the political scene would became very unstable under such an extreme multiparty system. Five or six parties would be a favorable number to have, and those parties will probably form a bipolar political organization, since each of them have to say yes or no to every political issue. In this sense, even the multiparty system will be shaped into two greater groups. The groups may be united into parties if the public wants it that way.

[Sakaki] As a matter of fact, there is a huge party that currently occupies over 40 percent of the Diet seats. The image of multiparty politics becomes very different when there is such a huge political power. Do you think even the existence of political power is nothing more than a phenomenon during a transitional period?

[Hosokawa] The transitional period may not be like the book of Genesis, but the political situation will still be very fluid. I am not sure if scattered political groups will immediately seek bipolar politics, but I think an early formation of a two-party system is favorable. I hope our electoral reform can contribute to the process. To restore political stability, the nation will have to undergo elections a couple of times, I suppose.

[Kuniya] So, how many years will it take you to conduct a couple of elections?

[Hosokawa, laughing] Well, I guess there should not be a long interval between enacting the political reform bills and the first election.

[Kuniya] Your pledge is to carry out political reform before the end of this year. On these grounds, could you tell me when you can hold the next election without a long interval?

[Hosokawa] Even if we enact the political reform bills, the Diet still has to work on rearranging electoral constituencies. Also, I cannot hold the election immediately after the bills are enacted since the voters must be well informed of the new system. I guess the election will become an available option some time after these procedures.

[Kuniya] About six months?

[Hosokawa, laughing] I do not really know. It depends on how the situation develops. Since we have to deal with so many foreign and domestic issues, I will not know when the next election should be until I actually come across the opportunity.

[Kuniya] Mr. Prime Minister, in past interviews you have said that you regard leadership as important. You have written about it in articles as well. But on the other hand, you have noted that under the given system of Japan, it is difficult to display leadership regardless of who becomes a leader. Now that you are sitting in the post of prime minister, who holds the real power, can you tell us how you feel about power?

[Hosokawa] I think leadership is a difficult topic, but I think it boils down to the question of how far I can display my own uniqueness. This government formed with eight parties in alliance may be something like a team in all-star baseball games. All participating people are excellent players, performing important roles in their individual fields. I feel very easy being among them. If I display originality in the coalition government, this will prove my leadership.

[Takashima] I feel that, to those of us who are outside the ring, it is not clear at what level in the political system government decisions are made. Are they made in meetings of party representatives or cabinet meetings, or under initiatives of the prime minister's office? For instance, regarding the question of easing government controls, Prime Minister Hosokawa is supposed to have said the government should go further with it. But then on the question of political reform, things appear to have taken shape little by little under no particular person's guidance. The prime minister has written in the past that leadership means making decisions when the time comes for a leader to make a decision. But these things that are actually taking place are a little different from what you have written. [laughs]

[Hosokawa] Do you feel that way? But I think leadership is something that is displayed when called for— giving direction which way to go. I doubt if a leader should have his say in everything or should try to guide people in each and every thing that happens. I do not think that is leadership. I think things that are flowing toward a desirable direction in a natural course should be allowed to flow that way. That is also a part of leadership. But if there are things people are having difficulty reaching an agreement on and they need to be pushed to move along, then, a leader needs to give them a push. Exerting too much push on comparatively small matters is not desirable either as it can affect and damage other, more important matters. Judgment on when to display leadership needs to be made in a comparative manner.

[Takashima] Another point. Before you were named prime minister, you had written in articles and made remarks in support of bold ideals and policies. But more recently, your remarks have become cautious. Does this mean you are changing your position? Is it a sign of problems in running a coalition government? Or are you waiting for an opportunity to speak up? [laughs]

[Hosokawa] I think all the cases you cited in the question would apply. [laughter by all]

[Kuniya] So far, in the past month, even though, for instance, differences of view among coalition parties have surfaced over such matters as political reform and diplomacy, there has been no major problem seen in the coalition as the matters concerned are mostly basic policy matters. But in the future, sharp differences of view will appear on budget formulation, and, it will take great pains to adjust the differences. Do you not think so?

[Hosokawa] Yes, that is possible. But as I said before, this kind of thing should be viewed as part of a greater current. For instance, we no longer live in the days when people called zoku-Dietmen [Dietmen representing special interests] could put pressure on government offices and cause trouble. To take the budget for instance, I think given conditions allow us to do our work in a much more efficient manner than before. As such, I do not anticipate particular difficulties in the matter of the budget. Besides, as I said before, we are a team of all-stars. People of high capabilities are in charge of individual government areas. That being the case, I think it should be easier, in a way, to deal with the matter than before.

[Takashima] Seeing a political reform process, I have seen that a split of opinion, or a lack of understanding, on how to carry out political reform—namely between Shinseito Secretary General Ozawa and the chief cabinet secretary—has come to the surface. I wonder if another superstar [Ozawa] who remains on the bench and the prime minister side—particularly the prime minister—understand each other well and if we will still have to be concerned about a two-tiered power structure.

[Hosokawa] I can assert that there is no two-tiered power structure in the coalition government. I want you to understand that we understand each other very well. In the past, there must have been sharp debates and conflicting opinions within the LDP or within other parties. But when I was a LDP member, I experienced hot debates. I think that ongoing discussions within the ruling parties or the coalition government are more conciliatory when compared with what I experienced as well as with mass media-reported conflicting opinions on various topics.

[Kuniya] We have discussed leadership, I want to take this opportunity to ask you a question. Mr. Hosokawa, you are the 18th descendant of the feudal lord Hosokawa in Kumamoto Prefecture. When you were to be elected the prime minister, an American magazine reported that a democratic daimyo [feudal lord] would become the next leader of Japan and the Japanese mass media also called you "otono-sama" [feudal lord]. How do you feel about being called "otono-sama"?

[Hosokawa] Well, I am not very happy to be called that. Despite my feelings, they call me so partly for fun, and I cannot do anything about it.

[Kuniya] You are the 18th descendant of the Hosokawa family. I think your family has survived past upheavals. I want to ask you which Hosokawa family member evokes your sympathy or excites your emotion.

[Hosokawa] Well, I have read a book about the previous Hosokawa families, and I feel all the descendants of the Hosokawa family lived toughly in their respective era. Therefore, I cannot choose any particular predecessor because I believe each descendent had their own way of life.

[Takashima] Now, why do we not take a tea break?

[Hosokawa] Yes, go head.

[The program is interrupted by an eight-minute video report on typhoon No. 13 from the NHK studio]

[Takashima] We have so far asked Prime Minister Hosokawa about how to carry out the responsible change. Now I would like to take up the issue of administrative reform, particularly your third task to reform the nation which you have mentioned several times. First of all, in your policy speech, you stressed the need to break up the so-called collusion among politicians, bureaucrats, and industrialists; and the politics of special-interest legislators. This was the first time we heard such a speech, which gave the people an impression that Japan's politics had been changed. Conversely speaking, however, Japan based its postwar politics on collusion among politicians, bureaucrats, and industrialists; and the politics of special-interest legislators. And I think that it can be said that this was the long-standing Japanese political system since the Meiji era, wherein the policy of enriching and strengthening the country was adopted. In view of this, I think the breaking up of such a system requires great efforts and abilities as well as the people's support. How or from what position are you planning to shake the system to carry out your third task?

[Hosokawa] After all, our success itself in forming the coalition government has paved or will further pave the way for the breaking up of collusion among politicians, bureaucrats, and industrialists. For that reason, I feel that our efforts are gradually taking effect even on collusion between politicians and bureaucrats, politicians and industrialists, and industrialists and bureaucrats. Moreover, I think that the first change in power in 40 years is serving as a start to settle all the issues in various fields, including deregulation, the breaking up of the politics of special-interest legislators, and Diet reform. I think it is necessary to accelerate our efforts by all means to produce steady results.

[Takashima] Do you think this is a wall that can be demolished?

[Hosokawa] Yes, I do. I think it is very hard to pull it down. However, I do not think it is a wall that cannot be demolished.

[Kuniya] You said that you had become utterly disgusted with [the collusive ties between political, bureaucratic, and industrial worlds]. I suppose this is because you were confronted with the wall of difficulty when you were chairman of an Administrative Reform Council [ARC] subcommittee. How are you going to actually utilize the lessons you learned at the ARC for your reform?

[Hosokawa] I think this issue is related to the current ARC, which will be dissolved in October, and to the matters with which we have to deal after that. The three ARC's made many proposals; they also organized several extraordinary administrative study groups.

This issue is also related to discussions as to whether we will form a new extraordinary administrative study group or establish an ARC. Since many debates and various proposals were made on administrative reform, our task is how to steadily translate these proposals into action. I think I have to consult with the ARC members, government officials, and other concerned people. The point is how we translate these proposals into action. I am not very enthusiastic about forming a new council at this moment.

[Sakaki] I think what you have pointed out regarding [the formation of] practical systems is very appropriate. Moreover, what you have said is to pull down the previous practice rather than assume the conciliatory method of the past. Therefore, there will be conflicts and opposition. What kind of forces or groups are you counting on? There is no use in going back to the old system. I would appreciate it if you could explain it in depth.

[Hosokawa] Well, I do not mean to repeat myself. But, I think an environment for making changes has been created because the foundation itself has changed. Take the case of forming budget proposals, for instance. Pressure from the zoku-giin [influential Diet members concerned with specific issues] was considerably reduced. I am sure financial authorities now feel they can take bold actions. The same thing can be said for easing regulations. Therefore, it boils down to how the government will support these changes.

[Sakaki] In your book, you explained what we are talking about now by using the concepts of a reform from within the system and a reform from outside the system. I am sure you are not counting on a reform from within the system. But, are you relying on a reform from outside the system? Or, are you in between the two?

[Hosokawa] I used these phrases before the current political situation formed; I used these phrases when I formed the new party in May of last year. At that time, I felt that Nagata-cho politics could not change the situation. I used the phrases to mean that the situation would not change unless somebody applied pressure by raising voices from outside Nagata-cho.

What am I going to do about the issues of deregulation and collusion among politicians, bureaucrats, and industrialists? Since the new circumstances occurred, I mainly count on a reform from within the system. Of course, I do need support from outside, by all means.

[Takashima] Are you thinking about forming organizations which will actually translate the proposals into action, and appoint people to posts in such organizations?

[Hosokawa] Various organizations already exist. Namely, the OTO [expansion not known], which is an organization designed to deal with complaints from the people. I have a feeling that we need to reactivate these organizations by reexamining if they are functioning appropriately. Of course, they will say that they are doing their best, if you ask them. But, I feel that we need to examine them to see if they are really functioning well.

[Takashima] On 31 August, nine ministries and agencies submitted a 60-item proposals regarding the easing of regulations. The next day, the Federation of Economic Organizations [Keidanren] submitted a 30-item proposal, saying that the proposals submitted by the ministries and agencies are already included in the list [previously submitted]. Keidanren wants their proposal to be implemented in lieu of the 60-item proposal. It seems that there still exist barriers in the new era and new method the current bureaucratic system envisages.

[Hosokawa] Well, the new administration was inaugurated only a month ago. I do not think that things can be changed all at once in a month. However, as far as the 60-item proposal which the government submitted on 31 August, is concerned, nine items are also included in the Keidanren proposal. Therefore, we can say that Keidanren made 21 new proposals. Some of the 21 proposals require short-term planning and others require mid- and long-term viewpoints. We have to sort them out. We will try to realize the proposals as much as possible.

[Kuniya] I would like to ask you about economic measures. Economic recovery does not seem as good as it might be. Can you explain your understanding of the current economic situation? Also, what kind of economic measures are you going to take?

[Hosokawa] Various business indicators will be announced in September. I am afraid that they will show a very bad economic situation. Some of the indicators will perhaps show a more severe economic situation than the current one and some people may call for the introduction of additional economic measures. The current economic situation shows that some areas, such as housing construction and public investment, are making a good recovery. But, consumption and investment in plants and equipment have dropped.

However, judging from opinions of economists and other people, I strongly feel that the overall economic situation is very severe. My understanding is that we can make no guess about the future situation.

What we have to do for the time being is to execute the budget as steadily as possible and to steadily promote comprehensive economic measures. As a matter of fact, the comprehensive economic measures have been executed favorably. I think we are beginning to feel results of these measures.

Under such circumstances, some people are calling for financial measures, including tax reduction by issuing deficit covering bonds. Since the financial situation is not good, I have been saying that a cautious approach is needed.

Today, I attended a Tax Commission meeting; I came back shortly before this interview. Anyhow, Tax Commission members will end their term of office in December. I know it is usual for a prime minister to attend the meeting to ask de facto questions when they are still in the process of studying. But, I am laying my hopes on the Tax Commission. I asked them again to form a balanced tax system while studying the possibility of reducing income taxes and reviewing the difference between direct and indirect taxes.

I would appreciate it if you would look at my efforts and understand how I feel about the current economic situation.

[Takashima] Economic measures are not related to domestic matters alone. The United States is expecting the new Hosokawa administration to take the first step toward revising the so-called trade difference between Japan and the United States. In a way, the United States is paying attention to the Hosokawa government's economic measures. You will probably meet President Clinton in New York on 27 September. Japan-U.S. comprehensive trade talks will also start soon. Under such circumstances, do you think that Japan will be asked, more than before, to promote economic measures and to increase domestic demands?

[Hosokawa] I think you are right. Given the situation in which our trade surplus has snowballed, I am deeply concerned that Japan-U.S. ties will worsen if we fail to solve the problem one way or another. Of course, how we guide our economy in terms of improving people's lives, and also from the viewpoint of diplomatic ties, is linked to these problems. Somehow, we have to settle the current problems as soon as possible.

On 31 August, each ministry and agency proposed 60 items, which we have talked about earlier, regarding the easing of regulations and the passing of profits gained through the yen's appreciation to consumers. An opinion was also expressed at a cabinet meeting, where we have had active discussions, calling for the introduction of additional proposals. Therefore, we may add some additional proposals.

At the same time, an economic reform study group, composed of 15 members, will be formed in the near future to study mid- and long-term measures. I am planning to ask them to come up with some meaningful conclusion regarding the structural issues before the end of this year.

[Takashima] Concerning foreign relations, your remarks on Japan's responsibility for its action during the war was very impressive, and there is a question how Japan will deal with this issue. Mr. Prime Minister, you called the past war a war of aggression and an act of aggression, and said that Japan is making appropriate compensation, at least at a government level. However, you have not indicated your view regarding compensation to individuals. Would you please state your opinion?

[Hosokawa] In my policy speech in the Diet, I expressed our profound remorse and apologies for our country's past action that caused unbearable suffering and sorrow for so many people. I also stated that we should never forget that the achievement of today's peace and prosperity in Japan rests upon the supreme sacrifices of many people and noted that I always keep this fact in mind. I have called Japan's action a war of aggression and an act of aggression. In this way, I stated my view in the policy speech at the recent Diet. You have mentioned the issue concerning individual compensation. I think this concerns comfort women.

[Takashima] This also means the compensation for people who were forcibly taken to Japan for labor service.

[Hosokawa] Yes, on this issue so far we have not had a specific compensation plan. However, since we have taken over this issue from the Miyazawa government and are tasked to take some measures, I would like to make a full study.

[Kuniya] About the Uruguay Round of trade talks, in a Diet session, you said that the government will make the utmost efforts with the aim of concluding the talks by the end of this year. But the Uruguay Round involves the rice issue. With this in mind, how do you see the future development of negotiations?

[Hosokawa] After all, we have to make all-out efforts to conclude the talks by the end of this year. Because the conclusion of the talks will serve Japan's best interests, we have to continue to make efforts to maintain the free trade system. However, we have to act in cooperation with other nations. As for negotiations in the agricultural area, all countries face their own difficult problems. In view of this, I think that we have to do our best to heighten the farmers' will to work.

[Takashima] Although we want to ask you more, we have to conclude our interview now. Mr. Prime Minister, thank you very much for your precious time, and we do hope that you will have this sort of opportunity from now on to directly state your own views through television or mass media. Thank you very much.

[Hosokawa] Thank you.

[Kuniya] Thank you very much.

Akamatsu, Ozawa Interviewed on Policies 29 Aug

OW0509033793

[Editorial Report] Tokyo NHK General Television Network in Japanese at 0000 GMT on 29 August carries a 75-minute special program entitled "Political Interviews Discuss Political Reform—the Mixed System of Single-Seat Constituencies and Proportional Representation, and Political Donations by Businesses." Hirotaka Akamatsu, secretary general of the Social Democratic Party of Japan (SDPJ), and Ichiro Ozawa, secretary general of Shinseito (Japan Renewal Party), take part in the discussion. Akamatsu is interviewed via live remote hookup. NHK commentator Takashi Yamamoto moderates the program. Masao Okahara, former chief justice of the Supreme Court, and Tsukuba University Professor Ikuo Kabashima participate as guest commentators.

At 0002 GMT, Yamamoto briefly explains the ruling coalition's proposed electoral system reform for lower house elections, as well as political donations. He then starts the interview with Akamatsu. Asked how he feels about complaints expressed by some SDPJ members about the proposed electoral system, even though the plan adopts most of what the party advocates, Akamatsu replies: "There will be coherence within the party. We were in unison yesterday too [at the national meeting of general secretaries of the party's local chapters]. Some people feel uneasy about holding an election under a new electoral system for the first time, but that is natural. Once the party comes up with a plan on how to carry out its aims under the new system, we should be able to gain unanimous support on this matter."

Asked whether the coalition alliance may be forced to make some concessions toward accepting LDP President Yohei Kono's proposal to allocate 300 seats in the single-constituency system and 171 seats in the proportional representation system, Akamatsu says: "That will not be possible since we must uphold the principles under which the coalition parties have allied together, despite differences on some points."

At 0006 GMT, Yamamoto asks Akamatsu's opinion on the possibility of political parties regrouping after a general election is conducted under a new electoral system. Akamatsu says that it will depend on the voters, and adds that although the SDPJ has so far restrained its voice to hold together the coalition alliance, it will later on "strive to become a powerful party to form the nucleus of a strong political force able to match the Liberal Democratic Party [LDP]." He also insists the coalition alliance must work together under the new electoral system to secure seats in the Diet against the LDP.

Asked about reform of the political donation system, Akamatsu briefly explains the new proposed system, pointing out that donations to individual politicians will be banned completely, and he stresses the need for public funding of political parties.

At 0012 GMT, the moderator asks Akamatsu whether SDPJ Chairman Yamahana, who earlier announced he would resign from his post of party head, plans to run again in the election to choose a new party chairman, Akamatsu explains that Yamahana is trying his best to reconstruct the party by directing all his efforts toward political reform, and it is up to him to decide whether to run in the election. As for himself, Akamatsu says: "I intend to take responsibility at the appropriate time." The interview with Akamatsu ends at 0021 GMT.

At 0048 GMT, the interview with Shinseito's Ozawa starts. Yamamoto first asks Ozawa if he thinks political reform can be effected with the electoral system proposed by the coalition alliance. Ozawa points out that the LDP's long one-party rule is the "cause of political corruption and stagnation." He says: "The current medium-sized constituency system has been one of the factors aggravating the post-war political condition. Therefore, it is necessary to replace this with the single-constituency system, under which a change of power can take place in a true parliamentary manner. This is my opinion, and, thus, electoral reform is only a means to an end. It just so happens that the change in power has taken place before electoral reform. I would have preferred electoral reform to come first."

At 0051 GMT, Professor Kabashima begins asking Ozawa questions and notes there is criticism about the new coalition government, charging that it took over power simply by the force of numbers and that the coalition lacks vision about what it wants to do. In response, Ozawa says: "The new coalition government under Prime Minister Hosokawa has one important point very different from past administrations. He said in front of the public that he would take responsibility if he fails to bring about political reform within this year. No LDP politician in the past has made such a statement." He stresses such a stance is important in politics now.

Asked whether the new coalition government envisions further tasks besides political reform, Ozawa says political reform is just the first step toward forming at least two major parties capable of assuming power whenever either side gains a majority.

At 0054 GMT, questions turn to the issue of political donations. Ozawa stresses political funds are necessary so that politicians can communicate with people through such means as television and other media appearances. He says past practices permitted money to be given to individual politicians, which led to political corruption since there was no way of really knowing how this money was used, and since no laws were in place to deal with violations. He stresses new bills to prevent political corruption will improve the situation, but he also points out that more funding is needed. Concerning the proposed 60-billion yen in public funding for political parties, Ozawa says: "I feel that amount of money, in itself, is still not enough." He goes on to say he personally feels political parties should not be run on public funding alone, and adds private donations should be welcome. He says the possibility of such donations could lead to political corruption again, but notes there would now be new bills to prevent such a thing from happening again.

At 0059 GMT, former Supreme Court Justice Okahara points out such new bills may not effectively prevent political corruption unless measures are implemented to improve ways to apprehend violators. He suggests Japan should take into consideration a British law which, he says, is working. Ozawa agrees, but points out "people must become more politically aware" for such a law to work in Japan.

Asked how feels about abolishing political donations by businesses, Ozawa says he is opposed to abolishing them altogether. He says he feels political parties should not be run by public funding alone because there is the danger of "administrative authorities' interference" in politics. He says a proper balance between public funds and donations by businesses and individuals would be better.

At 0104 GMT, Professor Kabashima shifts the topic to the new coalition government's aspirations. Ozawa states his political philosophy, and says he seeks a change in the Japanese people's political awareness. He denies criticism that he is a nationalist or that he is super-power oriented, saying "People should become more independent and feel more responsible about themselves, both as individuals and together as a nation, if they want to preserve their peaceful, prosperous, and happy lives." He adds: "Politicians must respond to people's needs. It is their duty to think of ways to preserve prosperous and happy lives." He points out that everything that needs to be changed cannot be done during the Hosokawa cabinet's term, but adds the first step is to change politicians' attitudes and bring about political reform. He stresses that when this is realized, the reason for forming the Hosokawa government will be realized.

At 0107 GMT, the topic changes to electoral reform. Asked whether there may be a review of the number of seats to be allocated to the single-seat constituency system and the proportional representation system, Ozawa says he personally favors allocation of more seats to the single-seat constituency system because he believes that would be more favorable to forming a stable government.

In reference to the much-discussed expected merger between the Japan New Party and Sakigake (Harbinger), Yamamoto asks Ozawa whether Shinseito will be merging with other parties. Ozawa says coalition parties should join forces to stand against the LDP in the next general election, and says fighting individually would lead to a defeat. Asked whether casual remarks by various coalition party members may give people the idea that major differences exist within the alliance, Ozawa says it is natural for people to have different views, but those at the government's core should be more careful about what they say and maintain the stance agreed on among the coalition parties. The question-and-answer session with Ozawa ends at 0110 GMT.

Panel Discusses Economy, Income Tax Cuts 5 Sep

OW0709062993

[Editorial report] Tokyo NHK General Television Network in Japanese at 0000 GMT on 5 September carries a live, 60-minute, panel discussion entitled "How to Handle Income Tax Cuts." In the studio are Finance Minister Hirohisa Fujii; Tadao Suzuki, vice president of the Japan Federation of Employers' Associations; Seigo Yamada, secretary general of the Japan Private Sector Trade Union Confederation; and Hiromitsu Ishi, professor at Hitotsubashi University. The discussion is moderated by NHK commentator Takehiko Mizushiro.

Mizushiro sets the scene by saying that in response to Prime Minister Hosokawa's enthusiasm for reforming the current tax system, the government's Tax System Research Council has begun to look at a sweeping reform of the current taxation system. He adds that the discussion will focus on cutting income tax and the ratio between direct and indirect tax revenue. He points out that a major review of the tax system will have a great impact on industry and households, and that as a result there are likely to be a number of debates until the council compiles its recommendations in November.

After lengthy discussions on the present state of the economy, Mizushiro asks Fujii to comment on the present state of the economy. In response, Fujii says: "I candidly concede that the economy is at a very difficult stage and I believe that now is a very crucial time to stimulate the economy. While public works projects and housing investments are showing very good figures, investments in plants and equipment and consumption are not necessarily showing good figures. The production in particular recently dropped. As you pointed out just a while ago, the management of economy places the greatest importance on employment and we are watching with great attention changes in the employment. Although I cannot spell out what the government has done, it is true that the government has done what it has needed to do. The government has managed its fiscal and monetary policies very well. The government has kept the interest rate at a record low level by lowering it by 2.5 percent. In addition, the government has done much to press ahead with public works projects. At present, the government is taking measures to pass on benefits of the appreciated yen to consumers."

Asked by Mizushiro to comment on the Hosokawa government's economic policy after discussing the effect of the income tax cuts on the economy, Fujii stresses the need for the government to push for deregulation and says: "I think that the Maekawa Report made public in 1961 is of great value. The report presents ways to reduce Japan's current account surplus and called for the need to rebuild Japan's domestic economic structure in a way that Japan can cooperate economically with other nations. The report also called for Japan to open its market and expand its domestic demand. The report also stresses the need for Japan to expand the domestic demand by diverting more resources to social welfare. I think that the policy of expanding the domestic demand should be implemented based on the report." Asked by Mizushiro to comment on the possibility of further lowering the official discount rate, Fujii says: "Lowering the official discount rate is the jurisdiction of the Bank of Japan and my view is that lowering the official discount rate will generate a psychological boost to the economy. But if you ask me whether that can bring about increased investment in plants and equipment, I must note that right now the reason for lack of investment in these sectors lies elsewhere. Much investment in plants and equipment was made when interest rates were already very low, and now future business prospects have become uncertain. Given this, it is difficult to see the lowering of the discount rate leading to more investment in plants and equipment.

The Bank of Japan will decide whether the official discount rate needs to be further lowered after taking into account various factors, including the international economic situation."

After lengthy discussions among the other panelists about how income tax should be cut and how the current ratio between the direct tax and indirect tax should be addressed, Mizushiro asks Fujii to comment.

He says that the "current income tax has a lot of problems and needs to be reviewed" and indicated his cautiousness about increasing financial resources through tax cuts.

Fujii rejects the idea of cutting taxes to stimulate the economy by citing the Reagan administration, which followed a similar policy. He calls the policy a "great test that resulted only in the twin deficits of trade and finance in the United States."

On the issue of deficit-covering bonds, Fujii says that "once deficit-covering bonds are issued, it will be extremely difficult to stop them."

He is than asked by Mizushiro to comment on the consumption tax. Fujii says the consumption tax system has been amended many times in the past and he will ask the Tax System Research Council to review it again.

Mizushiro concludes the panel discussion at 0100 GMT after thanking the panelists.

Hosokawa Concerned About 'Double-Dip Recession'

OW0709081793 Tokyo KYODO in English 0802 GMT 7 Sep 93

[Text] Tokyo, Sept. 7 KYODO—Prime Minister Morihiro Hosokawa voiced strong concern Tuesday [7 September] that Japan's economy may fall into a double-dip recession. "The economy is on the verge of falling back... due to the yen's recent sharp rise and the unusually cool summer," Hosokawa told an annual meeting of life insurance companies.

The prime minister's remarks indicated that the government has revised the view it expressed recently that the economy has already hit bottom.

To shore up the economy, Hosokawa said his government will draft measures by 20 September focused on deregulation and passing on to consumers some of the windfall profits from the yen's sharp appreciation, publicly indicating the timetable for the first time.

He did not mention any additional fiscal and monetary measures, but stressed that the government will draft the package and also press for steady implementation of the fiscal 1993 budget and pump-priming measures worth 13.2 trillion yen announced in April to shore up the flagging economy from "a wide viewpoint."

Hosokawa also indicated the importance of "medium-term to long-term" measures to restructure Japan's economy "to improve living standards and to maintain friendly external economic relations."

He said an advisory panel on economic reforms that he is to set up shortly will draft proposals as early as the year-end. In this connection, the prime minister expressed his intention to carry out reforms of the insurance business as recommended to the previous government by an advisory panel in June last year.

"The study group under the Insurance Council is currently drafting the outline for reform of insurance-related laws and regulations," he said. "In such a changing environment, I hope all of you will positively take responsibility."

The advisory panel submitted a final report on the reform proposals to the government of Prime Minister Kiichi Miyazawa in June 1992. The report called for the first reform in some 50 years of insurance laws, including deregulation of the life and casualty insurance businesses to facilitate competition, and establishment of subsidiaries to allow insurance companies to enter the banking and securities businesses.

His remarks came after reports that the U.S. has asked Japan not to totally remove the barrier between the life and nonlife insurance sectors.

Finance Minister Hirohisa Fujii told the meeting his ministry will energetically work to fill out details of the report.

Referring to foreign pressure on Japan for wider access to its insurance market, Fujii said the insurance issue has been taken up in bilateral discussions with the United States.

Touching on the financial system, he said financial institutions are now facing "tough conditions of a kind that they haven't experienced since the war," and called on the insurance industry for further streamlining efforts.

Recent efforts to liquidate huge nonperforming loans at financial institutions through a joint purchasing firm and to bail out debt-ridden housing loan companies have led to gradually calming public concerns since last year. Further efforts are needed over the long term, however, to solve the problems, and his ministry will continue taking measures, but only on the basis of financial institutions themselves taking actions, he said.

Fujii Says Cabinet Now Agrees Economy Stagnant

OW0709041893 Tokyo KYODO in English 0337 GMT 7 Sep 93

[Text] Tokyo, Sept. 7 KYODO—Finance Minister Hirohisa Fujii said Tuesday [7 September] the cabinet believes the economy has worsened and there is no consensus on when a recovery might take place. Fujii made the remarks to reporters after the cabinet approved a monthly economic report at its regular morning meeting which described the economy as stagnant, instead of "slightly stagnant" as stated in the previous report.

He said the administration of Prime Minister Morihiro Hosokawa is seeking to compile an economic stimulation package around September 20 to include measures such as deregulation and shifting the benefits of the stronger yen to consumers. Blueprints of the plan have already been disclosed by government offices.

Fujii said the program will take into account possible measures from "broad perspectives" but said the government is not conducting any "concrete" studies on the feasibility of taking further fiscal or monetary steps, nor has the prime minister given orders to do so.

The finance minister said that despite the cabinet's perception that the economy has worsened, he sees no possibility of a "double dip" recession nor a fall below its last low.

On reports that the Bank of Japan may soon cut its official discount rate below the present 2.5 percent, Fujii said it is a matter for the central bank but he personally feels that further rate cuts would not help boost corporate capital investment, since the sluggishness is caused by uncertainty over business conditions and not the level of the interest rates.

Fujii said, however, the rate cut would have psychological effects. He declined to comment on the likelihood of the government announcing tax cuts other than income tax, such as for house purchases, saying he is in a "sensitive" position on the issue.

Vice Finance Minister Jiro Saito said he opposed tax cuts at a news conference Monday night.

Fujii maintained his opposition to cutting income tax as a way to prime consumer spending, which would force the government to float deficit-financing bonds.

He attributed the sluggish level of consumption to concerns among the public about the unclear prospects of the economy and pressure on jobs. He said he agreed that cutting income tax would produce some benefits but the cost would be too high.

Mieno Sees No Signs Yet of Economic Recovery

OW0709064393 Tokyo KYODO in English 0634 GMT 7 Sep 93

[Text] Tokyo, Sept. 7 KYODO—Bank of Japan Governor Yasushi Mieno indicated Tuesday [7 September] that the economic outlook is worse than he has been recently maintaining. "There are yet no signs of an economic recovery, and personal consumption and capital investment remain sluggish," Mieno told an annual meeting of life insurance firms.

The unusually cool summer and long rainy season have undermined personal consumption, and poor earnings are putting a damper on capital investment, he said. His remarks, which are in contrast with what he told reporters early this month in Nagoya, amount to a revision of the central bank's scenario that there will be a "moderate" recovery in the second half of the current fiscal year, which ends next March.

At the press conference in Nagoya, Mieno said, "downward risks have increased," implying that the central bank is on the verge of changing the scenario ahead of the release Friday of its closely watched "tankan" quarterly survey of business confidence.

In his speech to the insurance meeting, Mieno did not touch on the official discount rate but at his Nagoya press conference he had flatly dismissed any possibility of an immediate cut in the key rate.

The central bank will wait and see the effects of fiscal and monetary measures taken lately by the government, while paying close attention to "the impact of the yen's recent rapid advance on corporate mind and capital investment," he said.

Concerning deregulation, business practice reforms and other measures now being drafted by the government, Mieno called for steady enforcement of those measures to shore up the flagging economy.

The cabinet of Prime Minister Morihiro Hosokawa hopes to draft by the middle of the month the package which focuses mainly on deregulation and passing on to consumers some of the gains accruing from the yen's rise.

These measures will "not only boost imports but also help streamline the economy and increase domestic demand through expansion of domestic investment chances," the central bank governor said.

Shinseito Urges 1 Percent Discount Rate Cut

OW0709101493 Tokyo KYODO in English 1014 GMT 7 Sep 93

[Text] Tokyo, Sept. 7 KYODO—The core party of Prime Minister Morihito Hosokawa's coalition government called Tuesday [7 September] for a pump-priming package, including a full 1.0 percentage point cut in the official discount rate. The key rate on loans by the Bank of Japan to commercial banks stands at an all-time low 2.5 percent per annum.

The request was unveiled amid mounting market speculation that the central bank is likely to cut the key rate soon.

Shinseito (Japan Renewal Party), a splinter group of the opposition Liberal Democratic Party, made the appeal in an interim report made public by a task force assigned to study economic stimulus measures. The package also called for a substantial cut in income taxes in exchange for a hike of the 3 percent consumption tax and a reduction of the corporate tax.

Party officials said the package will be reflected in a new round of economic measures to be announced by the government later this month. The officials said the income tax cuts should be carried out a year or two ahead of the consumption tax raise.

Aug Minivehicle Sales Down 0.3 Percent From 1992

OW0609031993 Tokyo KYODO in English 0221 GMT 6 Sep 93

[Text] Tokyo, Sept. 6 KYODO—Domestic sales of minivehicles in August marked the third consecutive month of decline, dipping 0.3 percent from a year earlier to 93,422, an industry group said Monday [6 September].

The Japan Mini Vehicles Association, however, said sales of passenger cars in the minivehicle category—those with engine displacement of less than 660 cc [cubic centimeters]—were up 0.4 percent to 44,067.

Sales of commercial vehicles such as trucks and vans declined 1.0 percent from the same month last year to 49,355.

Hosokawa on Pushing Insurance Business Reforms

OW0709064993 Tokyo KYODO in English 0647 GMT 7 Sep 93

[Text] Tokyo, Sept. 7 KYODO—Prime Minister Morihiro Hosokawa expressed his intention Tuesday [7 September] to carry out reforms of the insurance business as recommended to the previous government by an advisory panel in June last year.

Addressing an annual meeting of life insurance firms, Hosokawa said a study group under the Insurance Council is currently drafting the outline for reform of insurance-related laws and regulations. "In such a changing environment, I hope all of you will positively take responsibility...," he said.

The advisory panel of the Finance Ministry submitted a final report on the reform proposals to the government of Prime Minister Kiichi Miyazawa in June 1992.

The report called for the first reforms in some 50 years of insurance laws, including deregulation of the life and casualty insurance businesses to facilitate competition, and establishment of subsidiaries to allow insurance companies to enter the banking and securities businesses.

In his speech, Hosokawa stressed the need for such reforms in line with "medium-to long-term" measures to restructure Japan's economy "to improve living standards and to maintain friendly external economic relations."

The prime minister said he will soon set up an advisory panel on economic reforms and the panel will draft proposals as early as the year-end.

Speaking at the same meeting, Finance Minister Hirohisa Fujii said the environment surrounding the insurance industry is changing and reviewing insurance systems and the insurance business has "become an important issue." "The Finance Ministry will energetically promote work to detail the report," he said.

Referring to foreign pressure on Japan for wider access to its insurance market, Fujii noted that the insurance issue was taken up in bilateral discussions with the United States. He expressed concern about increased risks for the insurance business, including lower investment yields and latent profits, because of the recent economic slump, and called on the industry to take steps to cope with the problems to protect policyholders.

Touching on the financial system, Fujii said efforts to liquidate huge nonperforming loans at financial institutions through a joint purchasing firm and to bail out debt-ridden housing loans have led to gradually clearing public fears since last year.

Further efforts over the long term, however, are needed to solve the problems, he said. Fujii said the Finance Ministry will continue taking measures but only on the basis of financial institutions themselves taking action.

On the state of the economy, both Hosokawa and Fujii said the yen's recent sharp rise and the irregular weather are putting a damper on a recovery expected this autumn.

To ensure the economic recovery, they both stressed the need to push ahead with implementation of the latest pump-priming measures worth 13.2 trillion yen launched in April. They did not mention any chances of additional fiscal and monetary measures, but reiterated that the government will draft a package focusing on deregulation and returning to consumers some of the benefits deriving from the yen's rise in a bid to further boost the flagging economy from a "wide viewpoint."

Tokyo Wants To Proceed With Airport Construction

OW0709155093 Tokyo KYODO in English 1509 GMT 7 Sep 93

[Text] Narita, Chiba Pref., Sept. 7 KYODO—Transport Minister Shigeru Ito said Tuesday [7 September] the coalition government of Prime Minister Morihiro Hosokawa wants to complete two additional runways for Narita Airport despite opposition from farmers whose farms cover part of the construction site.

The government "wants to complete the airport by constructing the B and C runways," said Ito, who is a Social Democratic Party [SDP] member. Ito replied "yes" to a reporter's question whether the position was also that of the SDP.

The SDP had originally strongly opposed the construction of the airport but has gradually turned flexible.

Ito spoke at a news conference after inspecting the airport, where the two new runways are in a state of interrupted construction because of the refusal by eight households to sell off their farmlands to make way for their completion. Their farms and households, covering a total area of 21.3 hectares, are directly in the paths of the new runways, dotting the paved tarmac and hindering the completion of a longstanding airport expansion project.

Ito, urging a solution through dialogue, called on the eight households to drop their 27-year opposition to a government proposal to buy their lands.

"I will make fresh efforts (to resolve the airport standoff) by attending a round-table conference session (between the government and farmers)," Ito said. "If they do not want to hold talks with the government under the round-table conference formula, I will consider devising another forum," he said.

The government triggered a strong protest from local farmers in 1966 when it announced a plan to expropriate farms and build a new 1,065-hectare airport amidst the peanut and watermelon fields of Narita.

The land seizure provoked bloody clashes between riot police and farmers backed by a contingent of radical student protesters. The ongoing row has cost the lives of four policemen and two protesters and resulted in injuries to more than 10,000 as well as some 3,400 arrests.

At one of the clash spots, the transport minister laid a wreath of flowers as a memorial to three policemen killed in 1971 violence between the police and antiairport demonstrators.

North Korea

Delegate's Speech on Nuclear Test Ban Treaty

SK0409012793 Pyongyang Korean Central Broadcasting Network in Korean 0105 GMT 3 Sep 93

[Text] Yi Chol, permanent representative of the DPRK to the UN office in Geneva and head of the DPRK delegation, spoke at the disarmament talks in Geneva. He noted: We can describe it as historic that the disarmament meeting has decided to negotiate a treaty of overall nuclear test ban this year marking the 30th anniversary of the adoption of the partial nuclear test ban.

In view of the efforts and time spent for the realization of this objective, I think that the agreement reached is of great significance, though it is only a first step. Nuclear testing has many political and military implications and incalculable dangers. In fact, nuclear testing itself is the most dangerous nuclear arms race among the world powers, and it is becoming the basic source for nuclear proliferation [haek chonpa].

If the world fails to succeed in the permanent suspension of nuclear testing, nuclear multipolarization [haek tagukhwa], in which every nuclear possessing country has one pole, will become inevitable. The multipolar competition for nuclear superiority will bring danger incomparable to that of the bipolar system of the cold war era.

The nuclear possessing countries may have perceived the pressing need for a complete nuclear test ban when the international public circles expressed active support for the tentative control of nuclear testing announced last year and its extension announced by the United States, France, and Russia this year.

Now some countries are making active moves to become permanent members of the UN Security Council. When we think of the fact that all five permanent member states are nuclear possessing states, a serious problem is raised in the international community by the fact that a country which has enough nuclear material and is capable of producing nuclear weapons at any time is making the moves with an intention of becoming a permanent member.

Our delegation fully supports the proposal made by the delegates to initiate without delay the negotiations for the total nuclear test ban treaty at present when the favorable conditions and environment are created and to complete it by 1995.

Eliminating this threat is of vital importance for the nonnuclear states, particularly for the people of the countries of the region under direct nuclear threat. Although their demands for the creation of nonnuclear zone, nonuse of nuclear weapons, and safeguards [anjon tambo] are reflected in a series of resolutions of the UN General Assembly and the UN Security Council, the nuclear threat to them still continues.

The reality in which modern war means are available which are not subject to the limitations of geography, time, and space clearly stresses the validity of the multilateral and bilateral agreements of further legal binding force.

Our government and people have made all the possible efforts to eliminate the nuclear threat which has been imposed continuously for decades from land, sea, and air. I am referring to the talks between the DPRK and the United States of America held recently in connection with the nuclear issue on the Korean peninsula. In connection with the pressure put on our country under the pretext of fictitious nuclear suspicion, our delegation in the spring talks stated that this issue can be resolved only between our country and the United States, noting how the nuclear issue on the Korean peninsula originated.

We believe that the historic DPRK-U.S. talks and the joint documents issued show many things as well as explain them. The first round of the talks held in New York in June were the talks in which the principled problems arising in resolving the nuclear issue and the pending issue between the DPRK and United States were raised. Also, the joint agreement issued by the DPRK and the United States is a significant pledge that becomes the first agreement in the history of DPRK-U.S. relations.

This agreement is a U.S. pledge that it will not use armed force, including nuclear weapons, nor pose a threat to the DPRK with those arms. Also, this agreement provides that denuclearization, peace, and security on the Korean peninsula must be guaranteed, that the two sides shall mutually respect each other's sovereignty, that they shall not interfere in each other's internal affairs, and that they shall support the peaceful reunification of Korea.

During the second round of the talks held in Geneva in July, the two sides discussed the practical measures to carry out principles set forth in the joint statement. One of the significant events in the Geneva talks was that our side put forward a proposal to replace the graphite moderated reactor system with a light-water reactor system.

This proposal reaffirms and further makes clear the DPRK Government's policy regarding the peaceful use of nuclear energy. This proposal is also an expression of the firm will to completely resolve all nuclear suspicions about us.

The problem on how to deal with this firm proposal put forward by our government after taking protracted pains and numerous efforts to resolve the country's power problem based on our own technology and resources is, rather than a technological and financial problem, a political problem which shows the basic attitude on whether there is the will to sincerely resolve the nuclear issue or not.

The United States, on the assumption that the solving of the issue of light-water moderated reactors can be realized as a measure for the ultimate resolution of the nuclear issue, has expressed its support for the introduction of light-water moderated reactors and its willingness to study ways for it with the DPRK. [kyongsuro toibul chijihamyo, kurul wihan pangdorul choson minjujuui inmin konghwagukkwa hamkke tamguhal yonguirul pyomyonghayotta]

The implementation of the joint North-South declaration of denuclearization agreed upon between the North and the South in the resolution of the nuclear issue is one of basic problems and can be resolved only through dialogue.

The rupture of the North-South talks for the realization of the denuclearization of the Korean peninsula shows that unless the political factors hindering progress in negotiations are completely eliminated the talks cannot bear due fruition.

The DPRK-U.S. talks have opened up a bright vista for the basic and final resolution of the nuclear issue on the Korean peninsula and provided a foundation in improving DPRK-U.S. relations. Thus, the talks have come to greatly contribute to alleviating tensions on the Korean peninsula—which is the most tense and dangerous area in the world—and to maintaining peace and security in Asia and the rest of the world.

The future talks will become more progressive and productive when each side performs its respective work sincerely. If the commitments such as the guarantee of the nonuse of nuclear weapons and the suspension of threat by armed forces are put into practice, the product of the cold war will be eliminated forever on the Korean peninsula.

Envoy to Russia Comments on U.S.-DPRK Talks

CM0709133093 Pyongyang Korean Central Broadcasting Network in Korean 1500 GMT 5 Sep

[Text] Son Song-pil, our country's ambassador to Russia, gave an interview to reporters of the Russian paper PRAVDA, the ITAR-TASS News Agency, and Moscow radio in connection with reckless acts of the South Korean authorities who show dissatisfaction over the result of the DPRK-U.S. talks.

The ambassador gave details on the result of the two rounds of the DPRK-U.S. talks. He pointed out that the world's various countries and the peace-loving people support and welcome the result of the DPRK-U.S. talks and that they hope the talks continue successfully in the future.

Exposing that the South Korean authorities are staging every possible maneuver to hinder the DPRK-U.S. talks, he said: Not knowing of the intention of the United States, their master, the South Korean authorities have lost their balance and are running amok recklessly. In particular, the so-called South Korean puppet foreign minister made absurd remarks by saying that UN sanctions against North Korea are necessary, that North Korea should present concrete plans for completely clearing the nuclear suspicions, and so forth.

He continued: At a time when the DPRK-U.S. talks are proceeding successfully for the resolution of our country's nuclear issue, the South Korean authorities are making such remarks even when they are not entitled to cut in on the nuclear issue. This is nothing but a ridiculous act to throw a wet blanket on and to rupture the talks by any means.

In origin, the nuclear issue in our country has arisen because the United States deployed nuclear weapons in South Korea and threatened us with nuclear weapons. At a time when we have sincerely implemented the Nuclear

Safeguard Accord signed with the International Atomic Energy Agency [IAEA], the United States kicked up commotions against our Republic by stirring some IAEA officials. Thus, the nuclear issue has become a more acute one.

Thus, it is the United States that has created and complicated the nuclear issue on the Korean peninsula. Accordingly, the nuclear issue on the Korean peninsula can be resolved only through talks between us and the United States. The South Korean authorities are not entitled to stick their nose into [korul turimil chagyok] the DPRK-U.S. talks, nor can they be in a place to talk about the result of the talks. Why are so-called sanctions necessary when the nuclear issue is being smoothly resolved through the DPRK-U.S. talks? Notwithstanding, no matter how furiously the South Korean authorities try, sanctions will not be imposed on us anyway. Raving that sanctions should be imposed on the same fellow countrymen is as good as trying to bring the enemy into one's own home. Thus, this is a treacherous act.

The ambassador added: The ones who run amok recklessly are due to sink into the depth of self-destruction. We will make every effort to ensure that the future DPRK-U.S. talks proceed favorably so that the nuclear issue on the Korean peninsula can be resolved from the origin."

After this, he answered the reporters' questions.

Report on 2, 3 Sep U.S. Exercises in South

SK0509084493 Pyongyang KCNA in English 0808 GMT 5 Sep 93

[Text] Pyongyang, September 5 (KCNA)—The U.S. imperialists staged a provocative exercise for intensively bombing on the northern half of Korea in the skies above Yongwol and Pyongchang, South Korea, on September 2 and 3 with the mobilization of flying corps belonging to their overseas-based Marines, according to military sources.

The exercise staged according to the war scenario written by the U.S. Pacific Navy Command involved many Japan-based and carrier- based assault planes and pursuit-assault planes.

This reckless war gamble was aimed at increasing the capacity of flying corps belonging to the overseas-based Marines to quickly fly to the Korean peninsula and mount a surprise attack on the northern half of Korea.

KCNA Denies Reports of Uranium Ore Smuggling

SK0609110293 Pyongyang KCNA in English 1042 GMT 6 Sep 93

["Rumor About 'Uranium Ore Smuggling'—Sheer Fabrication"—KCNA headline]

[Text] Pyongyang, September 6 (KCNA)—Radio No. 1 of South Korea, quoting a false report of the Russian State Television and Radio Broadcasting Company Ostankino, set afloat the groundless rumor that DPRK lumberjacks working in the Khabarovsk territory were "smuggling uranium ore out of Russia."

This is a groundless, sheer fabrication. An inquiry revealed that the DPRK lumberjacks even do not know if there is a uranium mine in the Far Eastern region of Russia. Therefore, it does not make sense that they are smuggling uranium ore out of the region.

The local people of Russia, either, do not know of such thing and they regard the report as utterly groundless. The Far Eastern local authorities of Russia have sent no official note to us in this regard.

It is well known a fact worldwide that the dignified DPRK which regards independence, peace and friendship as the basic idea of its foreign policy never allows such mean act as violating the law of other countries.

No sooner had the Ostankino broadcast the false report about "the smuggling of uranium ore" by DPRK lumberjacks, than the South Korean authorities accustomed to false propaganda quoted it as if they had been waiting for it. In this they foolishly try to impair the prestige of the dignified DPRK with the false rumor that the DPRK is manufacturing nuclear weapons with uranium ore stolen from the Far Eastern region of Russia and to use it as a political excuse for their anti-national, anti-reunification moves to isolate and stifle the DPRK with the clamor over "nuclear arms development."

They also seek a sinister purpose of driving a wedge between the DPRK and Russia and bringing to a rupture the joint timber production of the two countries.

The South Korean authorities, utterly dismayed at the successful progress of two stages of DPRK-USA talks, resort to such despicable smear campaign, prompted by a heinous scheme to isolate the DPRK internationally and stifle it at any cost.

The smear campaign of some paid trumpeters in South Korea and Russia against the DPRK will only invite ridicule and criticism from unbiased public opinion.

Cambodia's Sihanouk Leaves Pyongyang 3 Sep

SK0309111993 Pyongyang KCNA in English 1044 GMT 3 Sep 93

[Text] Pyongyang, September 3 (KCNA)—His Royal Highness [H.R.H.] Samdech Norodom Sihanouk, head of state, president of the Supreme National Council and supreme commander of the Armed Forces of Cambodia, who had visited Korea at the invitation of President Kim Il-song of the Democratic People's Republic of Korea, left here today by special plane after concluding his successful Korean visit.

Present at the airport were Premier Kang Song-san, Vice-Premier and Foreign Minister Kim Yong-nam and officials concerned.

Also present were the members of the high-level delegation of the Provisional National Government of Cambodia led by President Son Sann and first Vice-President Chea Sim of the National Constituent Assembly and Co-prime Ministers Prince Norodom Ranariddh and Hun Sen, and Cambodian Ambassador E.P. [extraordinary and plenipotentiary] to Korea Oum Mannorine.

A farewell function took place at the airport.

H.R.H. Samdech Norodom Sihanouk, accompanied by Premier Kang Song-san, reviewed a guard of honor of the three services of the Korean People's Army.

Thousands of Pyongyangites came out to the airport with miniature flags of Korea and Cambodia and bunches of flowers in their hands and warmly farewelled the Cambodian guests, raising cheers and shouting "Farewell, Sihanouk" and "Friendship, unity."

Cambodian High-Level Delegation Ends Visit

Issues Joint Statement

SK0309114793 Pyongyang KCNA in English 1059 GMT 3 Sep 93

[Text] Pyongyang, September 3 (KCNA)—A joint statement of the Democratic People's Republic of Korea and Cambodia was published here today.

The gist of the joint statement reads:

A high-level delegation of the Provisional National Government of Cambodia led by His Excellency Son Sann, president, and His Excellency Chea Sim, first vice-president, of the National Constituent Assembly, and His Royal Highness Prince Norodom Ranariddh and His Excellency Hun Sen, co-prime ministers of the provisional national government, paid an official goodwill visit to the Democratic People's Republic of Korea from August 30 to September 3, 1993 upon the invitation of the DPRK Government.

The great leader Comrade Kim Il-song, president of the Democratic People's Republic of Korea, received His Royal Highness respected Samdech Norodom Sihanouk, head of state of Cambodia and supreme commander of the Royal Armed Forces of Khmer, and the high-level delegation of the provisional national Government of Cambodia and had a cordial talk with them. High Royal Highness respected Samdech Norodom Sihanouk and the members of the delegation expressed sincere thanks to the respected leader His Excellency Kim Il-song, president of the Democratic People's Republic of Korea, and to the dear leader His Excellency Kim Chong-il, chairman of the National Defence Commission of the DPRK and supreme commander of the Korean People's Army, for paying deep attention and showing hospitality for them during their stay in the DPRK.

Talks were held between the delegation of the DPRK Government and the high-level delegation of the provisional national government of Cambodia in a friendly atmosphere.

At the talks, the sides informed each other of the situation of each country, exchanged views on matters of common concern and reached a complete consensus of views on the matters discussed.

The sides agreed to intensify cooperation and exchange in political, economic, cultural and other fields in order to further expand and develop the traditional relations of friendship and cooperation forged between Korea and Cambodia on the road of struggle for independence, sovereignty and the building of a new society.

The Korean side estimated the successful general elections in Cambodia in May 1993 and the formation of the National Constituent Assembly and the provisional national government in Cambodia in July 1993 as great events in the history of Cambodia.

The Korean side expressed the belief that the provisional national government and people of Cambodia will promote national reconciliation and unity, consolidate the country's peace and stability and build a new Cambodia independent, territorially integrated, neutral and non-aligned, under the correct leadership of his royal highness Samdech Norodom Sihanouk, an outstanding patriot of the Khmer nation. It also expressed support and solidarity for the efforts made by the Cambodian Government to develop friendly relations with the neighbours, defend peace and security of Southeast Asia and develop friendly and cooperative relations with all the countries of the world according to its independent, non- aligned external policy.

The Cambodian side warmly congratulated the Korean people upon the tremendous achievements made by them in socialist construction under the wise guidance of the great leader His Excellency President Kim Il-song and the dear leader His Excellency Kim Chong-il. And it noted with high appreciation that they had steadfastly defended socialism centred on the popular masses under the banner of the chuche idea, united in one mind, without vacillation in face of the complicated international situation.

The Cambodian side fully supported the just proposals put forward by the DPRK Government for the denuclearization of the Korean peninsula and its peace and peaceful reunification and expressed firm solidarity with the Korean people in their struggle for reunifying the country independently and peacefully on the principle of national independence on the basis of "10-point programme of the great unity of the whole nation for the reunification of the country" worked out by the great leader His Excellency President Kim Il-song.

It, rejecting all the attempts of the forces seeking the aggravation of the situation on the Korean peninsula and a permanent division of Korea, reaffirmed its firm stand of having no relations with South Korea.

Holding that to safeguard world peace and security and promote the human cause of independence, all the progressive countries must unite closely with each other, the sides considered that the Non- aligned Movement must be strengthened, South-South cooperation realised, the unequal international order destroyed and a new fair one established.

The sides, emphasizing the need to further strengthen cooperation and solidarity among the Asian nations, supported the efforts exerted by ASEAN to turn Southeast Asia into a zone of peace, freedom and neutrality and achieve coprosperity of Asia.

The high-level delegation of the provisional national government of Cambodia invited the premier of the administration council of the DPRK to pay an official goodwill visit to Cambodia at a time he thinks convenient.

The invitation was readily accepted and it was decided to set the period of the visit in the future through the diplomatic channel.

Signs Cooperation Accord

SK0409043893 Pyongyang KCNA in English 0416 GMT 4 Sep 93

[Text] Pyongyang, September 4 (KCNA)—An agreement was signed here Friday [3 September] between a government delegation of the Democratic People's Republic of Korea and a high-level delegation of the Provisional National Government of Cambodia.

It was signed by Premier Kang Song-san on behalf of the DPRK Government and by Co-prime Ministers His Royal Highness Prince Norodom Ranariddh and Hun Sen on behalf of the Provisional National Government of Cambodia.

The agreement envisages economic and technical cooperation between the two countries in agriculture, fisheries, forestry, mining and other fields.

Officials Attend Ceremony

SK0409045593 Pyongyang KCNA in English 0424 GMT 4 Sep 93

[Text] Pyongyang, September 4 (KCNA)—An agreement on economic, scientific-technological and cultural cooperation between the government of the DPRK and the Provisional National Government of Cambodia was signed here today.

Present at the signing ceremony on the Korean side were Premier Kang Song-san, Chairman of the State External Economic Affairs Commission Yi Song-tae, Vice-Minister of Foreign Affairs Cho Kyu-il, DPRK Ambassador to Cambodia Kim Hyong-yol and other officials concerned and on the Cambodian side were the members of the high- level delegation of the Provisional National Government led by President Son Sann and First Vice-President Chea Sim of the National Constituent Assembly and Co-prime Ministers Prince Nmrodom Ranariddh and Hun Sen.

The agreement was signed by Chairman Yi Song-tae and Prince Norodom Sirivudh, minister of foreign affairs and international cooperation of the Provisional National Government of Cambodia.

A trade agreement between the governments of the two countries was also signed today.

Delegation Departs

SK0309122093 Pyongyang KCNA in English 1105 GMT 3 Sep 93

[Text] Pyongyang, September 3 (KCNA)—The high-level delegation of the Provisional National Government of Cambodia led by President Son Sann and First Vice-President Chea Sim of the National Constituent Assembly and Co-prime Ministers His Royal Highness Prince Norodom Ranariddh and Hun Sen left here today after concluding its five-day officials goodwill visit to the Democratic People's Republic of Korea at the invitation its government.

The guests were warmly farewelled at the airport by many people.

They were seen off by Premier Kang Song-san, Vice-Premier and Foreign Minister Kim Yong-nam, chairman of the Supreme People's Assembly Yang Hyong-sop, chairman of the C.C. [Central Committee], the Korean Social Democratic Party Kim Pyong-sik, chairman of the State External Economic Affairs Commission Yi Song-tae and other officials concerned.

Cambodian Ambassador to Korea Oum Mannorine was also present at the airport.

A farewell function took place at the airport.

Kim Il-song Sends Message to SRV President

SK0309011193 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 1 Sep 93

[Text] Comrade Kang Song-san, premier of the State Administration Council, sent a message of greetings to Le Duc Anh, head of the government of Socialist Republic of Vietnam.

Extending a warm greetings to the head of the SRV Government on the 48th anniversary of its national day, the message wished the Vietnamese people success in their works.

WPK Cables Foreign Parties, Party Leaders

SK0309124793 Pyongyang KCNA in English 1004 GMT 3 Sep 93

[Text] Pyongyang, September 3 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] sent messages to foreign parties and party leaders in reply to their messages of greetings on the occasion of the 40th anniversary of the victory of the Korean people in the Fatherland Liberation War.

It sent messages to the Central Committee of the Yemen Socialist Party and the federal leadership of the Communist Party of Austria in reply to their messages of greetings to the great leader President Kim Il-song on the occasion of the 40th anniversary of the victory of the Korean people in the Fatherland Liberation War.

It also sent a message to the Central Committee of the October 8 revolutionary movement of Brazil in reply to its message of greetings to the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il.

Its reply messages were addressed to the Central Committee [C.C.] of the Progressive Party of the Working People of Cyprus; Yacob Zayadine, general secretary of the C.C., Jordanian Communist Party; the National Secretariat of the National Democratic Congress of Ghana; the Central Committee of the Frelimo Party (the Mozambique Liberation Front Party); Rafiq Ahmad Sheikh, secretary general of the Pakistan People's Party; Abdel Hamid Mehri, general secretary of the Central Committee of the Algerian National Liberation Front; Gus Hall, national chairman of the Communist Party of the U.S.A.; Sulbeig Omdal, chairman, and Arnljot Ask, chairman of the committee of external relations, of the Norwegian workers' Communist Party; Josef Zisyadis, president of the Central Committee of the Workers' Party of Switzerland; Anjuska Weil, chairman of the leadership committee of the Workers' Party of Switzerland; Frank Baude, chairman of the Central Committee of the Communist Party- KPML(R) of Sweden; Yrio Hakanen, chairman of the Communist Party of Finland (Unity); the Political Committee of the National Council of the Democratic Renovation Party of Portugal; and Peter Symon, general secretary of the Central Committee of the Socialist Party of Australia.

The Central Committee of the Workers' Party of Korea sent a message to the Central Committee of the Frelimo Party in reply to its solidarity message supporting the WPK and the Korean people in the struggle to achieve national reunification by ending the national division, establishing sovereignty and implementing the "10-point programme of the great unity of the whole nation for the reunification of the country".

Liberation Organization Delegate Addresses UN

SK0309124993 Pyongyang KCNA in English 1034 GMT 3 Sep 93

["Japan Must Bear Governmental Responsibility"—KCNA headline]

[Text] Pyongyang, September 3 (KCNA)—The delegate of the Liberation Organization made a speech on August 17 at the 45th meeting of the U.N. Sub-commission on prevention of discrimination and protection of minorities held in Geneva.

Noting that during the war the Japanese Army and Government took away some 200,000 Asian women, most of them Korean, as "comfort women for the Army" and forcibly drafted more than six million Koreans for slave labour, he stressed that Japan must bear governmental responsibility for this.

Noting that the Japanese Government refused to admit any legal obligation of compensation to the victims, he said: "The main reason for this is that Japan does not consider its aggression of Asian nations a crime".

He held that the United Nations Commission on Human Rights and the Sub-commission on Human Rights must investigate into the "Ulsa Five-point Treaty" in 1905 whereby Japan deprived Korea of state power and into the truth behind the forcible drafting of Korean "comfort women for the Army" and workforce by old Japan and take appropriate measures for the victims.

He also demanded that an arbitration panel be formed to punish the criminals and compensate individual victims, the special report on the compensation to the victims of human rights violation be approved and the UN Economic and Social Council and the UN General Assembly be urged to adopt the main principles and directives at an early date.

North Proposes 10 Sep Vice Minister-Level Talks

SK0609073593 Pyongyang Korean Central Broadcasting Network in Korean 0705 GMT 6 Sep 93

[Text] Kang Song-san, premier of the DPRK Administration Council, today sent a telephone message to Hwang In-song, the South Korean prime minister. In this message, Kang Song-san again urged the South Korean side to show its clear attitude without fail by 8 September toward a few questions raised by our side in connection with the proposal for the exchange of special envoys of the top authorities of the North and the South.

The content of the telephone message is as follows:

Today all fellow countrymen are hoping that the exchange of special envoys of top authorities of the North and the South be realized at an early date, pending questions between the North and the South, including that the nuclear issue be urgently resolved, and a new phase be opened on the road of peace and peaceful reunification of the nation.

I think it fortunate that, although belatedly, today when three months have passed, your side, having understood the true meaning of our proposal for the exchange of special envoys, showed a response to this.

As we have already clarified in May, the exchange of special envoys is the best way for most rapidly and smoothly discussing and solving various questions raised in North-South relations, including the issue of denuclearization of the nation according to political decisions of the top leaders [choegowi kup].

In the meantime, however, our proposal failed to receive due response from your side and, as a result, contact and dialogue have not been realized. Thus, we wasted precious time for the solution to the questions. This is indeed regrettable.

We hoped that your side, which has acted contrary to the interest of the nation, would return to the position of detente, peace, and reunification at an early date and would become our trustworthy dialogue partner.

Proceeding from this stance, in a statement issued by our side's spokesman, we again proposed the exchange of special envoys and urged your side to clearly show your attitude toward a few issues.

This was an expression of our good intentions [sonui] to advance hand in hand with fellow countrymen by trusting each other.

Your side, however, did not respond to our good intentions with good intentions. If your side's position is really to carry on dialogue and resolve the nuclear issue, your side should have made it clear in the telephone message, in the first place, that your side would not conduct the nuclear war exercise against the fellow countrymen and would not seek [chugu] the international cooperative system [kukje kongjo cheje].

It is evident in every respect that it is not reasonable for the two sides to sit together for dialogue to discuss the issue of denuclearization while one side conducts a nuclear war exercise aimed at attacking the other side. You are well aware that the North-South dialogue for the denuclearization of the Korean peninsula to date has not been in smooth progress without success entirely because of this.

While saying that your side wants to resolve the nuclear issue between the fellow countrymen, your side mentioned the international cooperative system. This is an unreasonable act incompatible with North-South dialogue. It is little short of negating the ongoing DPRK-U.S. talks as well.

Today, our fellow countrymen look forward to a trustworthy dialogue by which the North and the South actually solve the problem. Based on this craving of the entire nation, we hope that your side will come to meet face to face with us as soon as possible as a trustworthy dialogue partner meeting the nation's expectations.

We regard your accepting our proposal for the exchange of special envoys as a positive new start, and urge your side once again to express without delay by 8 September a clear attitude to the several problems we demanded. I hope that your side will express a convincing attitude in any form within this deadline so that the two sides may have a working delegates' contact for the exchange of the highest level's special envoys of the two sides at the Tongilgak in our side's area of Panmunjom at 1000 [0100 GMT] on 10 September.

We will send three delegates and four suite members headed by a vice-minister level official for the contact. We look forward to your positive response.

CPRC Spokesman on South's 'Peace Dam' Probe

SK0409153893 Pyongyang KCNA in English 1516 GMT 4 Sep 93

["South Korean Authorities Must Thoroughly Probe Into Truth of 'Peace Dam,' Demands CPRC (Committee for the Peaceful Reunification of the Fatherland) Spokesman"—KCNA headline]

[Text] Pyongyang, September 4 (KCNA)—The spokesman of the Committee for the Peaceful Reunification of the Fatherland [CPRC] issued a statement today demanding that the South Korean authorities thoroughly probe the truth of the "peace dam" and apologize for the groundless slanders they hurled at us, since it has been confirmed that the dam was a product of the anti-DPRK smear campaign.

"At the same time, they must promptly stop their outcries over the 'suspicion of nuclear development,' a replica of the fiction of 'threat of flooding operation,' and apologize to the nation for their grave crimes in driving the North-South relations to the phase of confrontation today," he urged.

He said that the attempt of the South Korean authorities to cover up the crimes of the criminals who fostered distrust and confrontation between the North and the South by faking up the fiction is motivated by the sinister intention to incite hostile feelings within the nation and make our "threat of flooding operation" a fait accompli.

The statement further says:

"Our construction of the Kumgangsan Power Station was, from the beginning, a grand nature-making project for a peaceful purpose which has nothing to do with military purposes, and it is being promoted in compliance with the requirements of our economic development and under the far-reaching plan of socialist construction.

"This notwithstanding, the Chon Tu-hwan group in those days let the 'Security Planning Board [SPB]' raise a frantic anti-DPRK smear campaign, describing the construction as 'a special construction' for military purposes, and wrested bloody taxes from the South Korean population under the name of 'donations for the peace dam', and embezzled them.

Owing to the premeditated and deliberate anti-DPRK smear campaign of the South Korean puppets, distrust and antagonism was fostered within the nation and North-South relations extremely deteriorated.

As was made clear in South Korea recently, the threat of flooding operation" invented by the "SPB" and the clamor of "a counter-dam" construction were a sinister political drama played by the Chon Tu- hwan group driven into the corner in face of the struggle of the people for a constitutional amendment for direct "presidential" election to bridge over the crisis of the "regime."

The vicious campaign launched by the South Korean rulers in South Korea and abroad over the fictitious "nuclear problem" of the North is, like the "peace dam" case, nothing but the preposterous anti- DPRK plot invented by the "SPB".

"As the 'peace dam' has today been confirmed to be a fabrication of the 'Security Planning Board,' there is no need to prove any more that the 'nuclear suspicion' racket of the South Korean rulers is a despicable antinational farce to bridge over their serious political crisis and impair and stifle the DPRK.

"If the South Korean authorities are truly willing to pursue 'civilian politics' and improve the North-South relations from a reunification-oriented stance, they must immediately disband the 'Security Planning Board,' the headquarters of confrontation and distrust and the mastermind of anti-national crimes.

"We take this opportunity of expressing the belief that the South Korean people of all strata will thoroughly probe the truth behind the construction of the 'peace dam' to the last, punish the criminals and turn out more courageously in the struggle to reunify the country through national reconciliation and unity in the 1990 ."

Students Welcome South Students' Invitation

SK0309124693 Pyongyang KCNA in English 1102 GMT 3 Sep 93

[Text] Pyongyang, September 3 (KCNA)—The spokesman of the student committee of Kim Il-song University in his talk today expressed sincere welcome and full support to the invitation extended by the general student councils of Korea University and Yonsei University of South Korea on August 27 to students of Kim Il- song University to participate in the "Yonsei-Korea national liberation festival" scheduled by the two universities and their proposal to have working-level talks in this connection at Panmunjom on September 9.

Saying that students of the North and the South must meet at the earliest date possible and pave the way for reunification together, the spokesman stated: "Out of this desire, we will send five delegates of students to the conference room of the Neutral Nations Supervisory Commission at Panmunjom at 10:00 on September 10, the next day of the national day of the DPRK, to attend the Panmunjom working-level talks proposed by the general student councils of the two universities."

The spokesman expressed the hope that the South Korean authorities would take an effective measure for the realisation of the significant meeting.

Reaction to South's Government's Ban of Students

Student Committee Reacts

OW0609161393 Pyongyang KCNA in English 1534 GMT 6 Sep 93

[Text] Pyongyang, September 6 (KCNA)—The Student Committee of Kim Il-song University in a statement today sharply denounced the unwarrantable decision of the South Korean authorities to turn down the "application for contact with North's residents" filed by the general student councils of Korea and Yonsei Universities to invite students of Kim Il-Song University, branding it as a challenge to the desire of the students of the North and the South for reunification.

Saying that the "Yonsei-Korea National Liberation Festival" which has developed to a function of reunification festival is worthy of welcome, the statement stresses:

"The refusal of the South Korean authorities to allow the invitation of a few students of the north proves that their talk about 'dialogue' and the like is a lie."

"The North's 'nuclear problem' which the South Korean authorities brought forward as a pretext for the 'non-permission' is a far- fetched excuse which is not understandable to anyone," the statement says, and continues:

"The inconsistent act of the South Korean puppet rulers who approve a contact in one case and ban it in another, clearly shows that the 'nuclear problem' over which they are raising quite a row is a product of their insidious stratagem invented merely for some purpose.

"The present South Korean authorities will never evade their doom of destruction as they committed the same crime as their predecessors by divesting students in the north and the south of an opportunity of meeting."

The statement expresses the belief that the students of Korea and Yonsei Universities and all the students under the South Korean Federation of General Student Councils (Hanchongnyon), together with the people of all strata, will fight resolutely against the "civilian fascist regime" and will realise the meeting of students of the north and the south and accelerate the reunification of the country.

"The student committee of Kim Il-song University will in the future, too, will firmly join hands with the students of the south for the great unity of the whole nation and the reunification of the country and extend full support and encouragement to the South Korean brothers in their struggle," it declares.

Dailies Comment on Ban

SK0709045793 Pyongyang KCNA in English 0434 GMT 7 Sep 93

["Mean Act of Blocking Contact Between Fellow Countrymen"—KCNA headline]

[Text] Pyongyang, September 7 (KCNA)—NODONG SINMUN and MINJU CHOSON today comment on the announcement of the South Korean authorities on September 4 that they would turn down the "application for the contact with North Korean residents" filed by the General Student Councils of the Korea University to the "Unification Board" to invite 15 delegates of Kim Il-song University to the "Yonsei-Korea National Liberation Festival-93."

The NODONG SINMUN analyst says that this is a criminal act blocking contact between fellow countrymen in the North and the South for national reconciliation and unity and it proves that the present "regime" is the same anti-reunification fascist dictatorial "regime" as the "Fifth and Sixth Republics."

He says:

It is a shameless act to reject the application for a contact of students under the pretext of the "nuclear problem" of the North.

The South Korean "regime" itself has increased the nuclear threat on the Korean peninsula by introducing U.S. nuclear weapons into South Korea and hastening its own nuclear weapon development. Therefore, it has no face to talk about the "nuclear problem" and is not entitled to utter a word about it. It is the height of effrontery for the South Korean authorities to crush the demand of students for contact under the pretext of the fictitious "nuclear problem" of the North.

The invitation of students of Kim Il-song University to the "Yonsei-Korea National Liberation Festival-93" by the students of Korea and Yonsei Universities was motivated by the patriotic desire to realize a significant meeting between students of the North and the South and foster the atmosphere of national reconciliation and unity.

No support of the people can ever be expected by those who put a block on the reunification of the country, the cherished desire of the nation. It is not without reason that the rumor is afloat in South Korea that the Kim Yong-sam "regime" will not survive this year.

Those who go against the popular sentiments can never be safe.

The MINJU CHOSON analyst says that the present South Korean rulers, if they truly seek "civilian politics" and want "reunification," must not step into the old-fashioned shoes of the former dictators but open a broad road of dialogue with the North and take without delay an effective measure for the realisation of a meeting between students of Kim Il-song University in the North and the Korea and Yonsei Universities in the South.

Daily Views South's Defense Minister's Remarks

SK0509084793 Pyongyang KCNA in English 0820 GMT 5 Sep 93

["'Civilian Regime on Top of Tank'"—KCNA headline]

[Text] Pyongyang, September 5 (KCNA)—The South Korean "defence minister", Kwon Yong-hae, in his recent "special lecture" at the "Defence Institute" said it is "important to take over" the "prerogative of command of operations" from the United States, but "all the more important is to build their own capabilities".

A NODONG SINMUN analyst today says in this regard:

The South Korean authorities now are arguing about other problems, placing on the back burner the issue of prerogative of command, lost to shame, when it is a trend of the times to take the road of independence against foreign domination and interference. This reveals their poor sight as colonial puppets.

Kwon's claim for a greater amount of military budget and "personnel training" allegedly to build some "capability" means that they would step up war preparations for confrontation with the North by putting spurs on arms buildup and drastically reinforcing their puppet army troops. His talk about building "capabilities" while failing to seize the prerogative of command of operations is an extremely dangerous remark meant to pull the war chariot of outside forces by mobilizing all the human and material resources.

This tells that Kwon is a traitor tarred with the same brush with the military riffraff of the past either in view of his dependence on outside forces or in view of his bellicose nature.

The fact that such a guy is holding the post of "defence minister" of the South Korean "regime", socalled "civilian government" makes it easy to see through the "civilian" veil the present "regime" is wearing.

South Korean people now brand the present rulers as "civilian" warmaniacs little different from Chon Tu-hwan and No Tae-u.

No good results will await the trigger-happy elements who are driving tanks for northward invasion under the "civilian" veil.

Kim Chong-il Sends Letter to Siblings in KPA

SK0309115493 Pyongyang KCNA in English 1040 GMT 3 Sep 93

[Text] Pyongyang, September 3 (KCNA)—Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], sent an autographic letter to Yi Chang-ung, a KPA officer, and his six brothers and one sister serving in the KPA on September 2 in reply to their letter.

The reply letter reads:

"To revolutionary soldiers loyal to the fatherland and the people, to the party and the leader,

I deem it a great pride of our people and Army to have fine soldiers like you, comrades, who are devoting body and soul to the revolutionary cause. [Signed] Kim Chong-il

[Dated] Sept. 2, 1993"

These seven brothers and one sister are Major Yi Chang-ung, Senior Captain Yi Chang-song, Captain Yi Chang-yol, Captain Yi Chang-yong, First Lieutenant Yi Chol-ung, First Lieutenant Yi Chol-u, Sergeant Yi Chol and Master Sergeant Yi Wi-kyong.

In their letter they said that their father and mother born into families which had been hired hands for generations could be honored with the noble title of the second generation of revolution as members of the Workers' Party of Korea [WPK] and KPA officers under the loving care of Generalissimo Kim Il-song, the respected supreme commander, during the Fatherland Liberation War, and their seven sons and one daughter, the third generation of revolution, have grown up to be members of the WPK and KPA officers in the bosom of respected supreme commander General Kim Chong-il.

"We have nothing to be afraid of in the world as long as we have you, respected supreme commander General Kim Chong-il," they wrote, and further said:

"Whatever formidable enemy on earth may pounce upon us, he would not be allowed to tread an inch of soil or touch a blade of grass of our country, and our country, the bastion of socialism, would remain invincible."

They vowed to learn from the revolutionary spirit of Yi In-mo whom General Kim Chong-il called the incarnation of faith and will and thus to become eight Yi In-mo's with a grim resolve to fight it out even if they might be starved, beaten and frozen to death, and become true loyal subjects, sons and daughter with filial piety defending the general in the van with their rifles.

Mangyongdae Garments Company Commissioned

SK0309125193 Pyongyang KCNA in English 1012 GMT 3 Sep 93

[Text] Pyongyang, September 3 (KCNA)—The Mangyongdae Garments Company was commissioned in the majestic and beautiful Kwangbok street of the capital.

All its production processes such as cutting, sewing, finishing and packing are streamlined.

It will annually produce tens of thousands of high-quality coats and over 100,000 suits of high-quality ready-made clothes.

Coat processing facilities of the company are associated with the patriotic devotion of officials of the Gifu prefectural headquarters of the General Association of Korean Residents in Japan (Chongnyon) and Korean traders and industrialists in Japan who are making all sincere efforts for the development and prosperity of the socialist homeland.

Its commissioning ceremony was held on September 2.

It was attended by Pak Pa-ho, deputy director of the Ponghwa general bureau, other officials concerned and employees of the company.

Also present was the delegation of the Gifu prefectural headquarters of Chongnyon on a visit to the socialist homeland.

South Korea

IAEA-North Negotiations End Without Agreement

SK0309225093 Seoul KBS-1 Radio Network in Korean 2200 GMT 3 Sep 93

[Report by correspondent Cha Man-sun from Vienna]

[Text] The nuclear negotiations between the International Atomic Energy Agency [IAEA] and North Korea, which lasted in Pyongyang for three days, ended with no agreement. Thus, in fact, the IAEA-North Korean nuclear negotiations broke down.

David Kyd, director of the IAEA Public Information Department, revealed yesterday that even though the IAEA held a three-day negotiation with North Korea, the IAEA and North Korea have not reached any agreement and the date of next negotiations has not been decided. Director Kyd revealed that before the negotiations ended the IAEA negotiation team had proposed holding the next talks in Vienna at any time North Korea wants, and that the IAEA negotiation team will today leave Pyongyang and return to Vienna by way of Beijing.

Nuclear experts in Vienna analyzed that the IAEA and the North Korean side have not reached any agreement between the IAEA's strong claim that special inspections be conducted in whatever form and the North Korean side's strong claim that it can never accept special inspections of the two nuclear sites at issue. They said that, in fact, the nuclear negotiations with North Korea broke down as they did in last February's negotiations.

Envoy to Japan Comments on IAEA-North Talks

SK0409063593 Seoul YONHAP in English 0618 GMT 4 Sep 93

[Text] Tokyo, Sept. 4 (YONHAP)—North Korea will be making a big mistake if it is half-hearted in its talks with the International Atomic Energy Agency (IAEA) and with South Korea, just going through the motions to comply with conditions set by the United States for a third round of talks, South Korean Ambassador to Japan Kong No-myong said on Saturday.

Kong, in an interview with the TOKYO SHIMBUN, said that if North Korea is insincere about resuming nuclear negotiations with the IAEA and talks with Seoul, it will have undesirable results for North Korea.

The remarks by Kong, a former Southern-side chairman of the Joint Nuclear Control Committee, suggest that without substantive progress in inter-Korean talks there may not be a third round of Washington- Pyongyang talks.

In the second round of their high-level talks, held in Geneva in July, the United States told North Korea resuming talks with the IAEA and South Korea were conditions for another round.

To meet the conditions, North Korea recently began negotiations with the IAEA on inspection of its nuclear sites and proposed talks for an exchange of special envoys with South Korea.

Also in the interview, Kong said a visit to South Korea by Emperor Akihito was desirable to promote bilateral relations and would have symbolic as well as historic meaning.

It would be good if the exact dates of the visit were fixed after an atmosphere to maximize its meaning was created, Kong said.

Seoul and Tokyo will have to make joint efforts to create the right atmosphere, and Japanese Prime Minister Morihiro Hosokawa's approach to settlement of postwar problems will positively affect the mood, he said.

Paper: U.S. Considers Sanction Against North

SK0309125993 Seoul CHUNGANG ILBO in Korean 3 Sep 93 p 2

[By Yi Sok-ku from Tokyo]

[Text] On 3 September, Japan's SANKEI SHIMBUN reported that the United States is considering requesting the UN Security Council to impose economic sanctions on North Korea if North Korea refuses to hold the North-South dialogue concerning the nuclear issue by 15 September.

The paper, quoting a U.S. Government source, reported: Robert Gallucci, U.S. assistant secretary of state for political and military affairs, will probably visit the ROK and Japan next week to explain a U.S. policy of imposing economic sanctions on North Korea.

The source said: North Korea is postponing the resumption of dialogue with the ROK. This is designed to check the ROK as well as to create discord in ROK-U.S. relations by only calling for a direct discussion of the nuclear issue with the International Atomic Energy Agency and the United States. North Korea's strategy to postpone the North-South dialogue is useless. Furthermore, the United States has decided to send Assistant Secretary Gallucci to Seoul to prove that there are no problems at all in maintaining close relations with the ROK as well as in its policy toward North Korea.

The source added: The United States is considering plans to impose sanctions on North Korea through the ROK, United States, Japan, and Russia if China vetoes the sanctions at the UN Security Council. It is uncertain, however, if Japan will agree if this happens.

'No Time Fixed' for U.S.-North Talks

SK0409022293 Seoul YONHAP in English 0215 GMT 4 Sep 93

[Text] Washington, Sept. 3 (YONHAP)—The third round of talks between the United States and North Korea on nuclear issues, expected in mid-September, is likely to be delayed at least until late this month.

Well-informed sources here said Friday no time has so far been fixed for the high-level meeting between Washington and Pyongyang.

Given the flow of the situation, the date of the meeting is likely to be determined following a Board of Governors' meeting of the International Atomic Energy Agency (IAEA) slated for Sept. 21- 24, they said.

The sources said press reports that Assistant Secretary of State Robert Gallucci, the U.S. chief negotiator at the high-level talks, would fly directly to Switzerland for the talks with North Korea after visits to Seoul and Japan on Sept. 8-12 were merely speculation at the moment.

"Unless there is a specific change in the situation such as rapid progress in inter-Korean dialogue, Gallucci will return to Washington after his Asian tour," one of the sources said.

A spokesman for the U.S. State Department said no time has been determined for the third-round U.S.-North Korea meeting.

He reiterated the U.S. position that, prior to another meeting with Pyongyang, there should be talks first between the IAEA and North Korea and between South and North Korea.

During the second-stage meeting, the U.S. made the initiation of negotiations between the IAEA and North Korea and the resumption of South-North dialogue prerequisites to third-stage talks with Pyongyang.

All in all, the sources said, the third-round talks would not take place in mid-September as initially expected in view of various developments of the recent past.

They noted that the recent IAEA-North Korea meeting ended on Sept. 3 without any progress and that it would take time to discuss procedural matters before the proposed exchange of special envoys is materialized between South and North Korea.

Even if the South-North dialogue were resumed, its outcome has to be watched before the time of the third-round meeting is determined, the sources said.

Meanwhile, Assistant Secretary Gallucci is expected to discuss with South Korean Government leaders multipronged ways to get North Korea to agree on IAEA inspections of their undeclared nuclear facilities at Yongbyon.

During his visit, the two countries will also discuss the issue of whether to stage the Team Spirit military exercise next year and the question of economic cooperation with North Korea.

Paper: U.S., Japan To Discuss North Missiles

SK0609023093 Seoul YONHAP in English 0221 GMT 6 Sep 93

[Text] Tokyo, Sept. 6 (YONHAP)—The United States and Japan will hold a working-level meeting to discuss development of a theater missile defense (TMD) system to counter North Korea's Nodong-1 missile from Sept. 27 in Tokyo, the NIHON KEIZAI SHIMBUN reported Sunday.

The United States will actively try to persuade Japan to participate by pointing out that North Korea has conducted a successful test of the ballistic missile, the Japanese economic daily said.

North Korea tested the 1,000-kilometer range missile in May over the East Sea.

Prior to the meeting, Defense Minister Keisuke Nakanishi is to visit the United States on Sept. 22 to meet with U.S. Defense Secretary Les Aspin and conclude an agreement on forging a new joint consultation body, which will discuss details for joint research into a TMD system, according to the paper.

The United States started development of a TDM system in 1991 that locates enemy missiles using military satellites and then shoots them down with interceptor missiles.

The paper pointed out, however, that participation is against the Japanese Constitution, which prohibits action for collective defense, and against a Diet resolution in 1969 banning the military use of space.

Japan plans to take a prudent attitude at the meeting because the United States will possibly not provide information on North Korea's missile development and on the TMD system itself, asking only sharing of development costs, the paper added.

Reportage on Plan To Buy F-16s From U.S.

Firm Says 'No Change' in Plan

SK0309113493 Seoul YONHAP in English 1050 GMT 3 Sep 93

[Text] Seoul, Sept. 3 (YONHAP)—There is no change in a plan to produce and supply a total of 120 F-16 fighter planes to the South Korean Air Force by 1999, the Samsung Aerospace Industries Co., the local technical tie-up company in the KFP (Korean fighter program) project, said on Friday.

A Samsung official said his company will begin producing the jet fighters next year under contract with the General Dynamics regardless of the Pentagon decision to stop purchasing F-16's from next year.

"Despite the Pentagon plan, we foresee no difficulties in obtaining parts of F-16 and, besides, our preparation is all completed for F-16 production," he said.

Earlier in the day, Defense Minister Kwon Yong-hae said the F-16 project will be carried out as planned.

Kwon made the remarks in his testimony before a parliamentary inspection team of the assembly Defense Committee.

Meanwhile, the opposition Democratic Party on Friday urged the government to review the fighter project and stop purchasing F-16's.

"The decision of the U.S. Administration to suspend buying F- 16's proves that former President No Tae-u's selection of F-16's as the model of next-generation fighter planes would bring about tremendous waste and loss in national interests," the party said in a statement.

Lockheed Representative on Sale

SK0409023093 Seoul YONHAP in English 0202 GMT 4 Sep 93

[Text] Seoul, Sept. 4 (YONHAP)—Lockheed Aircraft Ltd. said Friday [3 September] that its sale of F-16S to South Korea will not be interrupted by the U.S. Government's cancellation of purchases of the plane in 1994.

"The number of F-16s Lockheed should supply according to contracts with several countries in the world including South Korea, Greece, and Turkey reaches 750. The fighters will be supplied without fail," a Lockheed representative in Seoul said.

F-16s had originally been made by General Dynamics until Lockheed took over the business under the U.S. Government's plan to readjust the defense industry in February last year.

Lockheed has delivered 3,200 of its F-16 Fighting Falcons around the world and will continue to provide parts and maintenance for them until 2030 at least, the official said.

"We will never fail to supply parts to Samsung Aerospace Industies Ltd., which will produce F-16s from next year with Lockheed technology, and we are transferring technology to Samsung as planned, without any problem," he said.

The U.S. Government's decision to cancel purchase of F-16s from 1994 was not final, he said. "The final decision is still subject to decisions of the Senate and the House of Representatives in October or November."

The Senate recently proposed that the government not earmark any money for the purchase of F-16s while the house proposed the purchase of 48 F-16s in fiscal 1994 and 1995, he added.

Lawmaker Charges U.S. Bribery

SK0409052093 Seoul TONG-A ILBO in Korean 4 Sep 93 p 1

[Text] It has been learned that the U.S. defense industry businesses participating in the Yulgok defense procurement project, have paid millions of dollars of commissions [as transliterated] in the process of making contracts on weapon purchasing.

Representative Kang Chang-song of the Democratic Party said on 3 September that he has confirmed the fact that the U.S. businesses have paid commissions amounting from $100,000 to $4 million by studying documents sent by the General Accounting Office [GAO] of the United States to the Board of Audit and Inspection.

He said: "However, in case of the Korea Fighter Project, the documents regarding General Dynamics, the manufacturer of F-16 Falcon fighters, were not even enclosed, and the documents on the UTI company, the manufacturer of the engine for F-16s, did not mention anything about commissions"

He then added: "The GAO documents show that the U.S. businesses have paid commissions in making contracts on other arms procurement programs, including the submarine project, the UH-60 and CH-47 helicopter project, the antisubmarine patrol plane project, and the Korean-type tank project. However, the papers did not identified the recipients of money."

Former Defense Minister Speaks

SK0609121693 Seoul YONHAP in English 1018 GMT 6 Sep 93

[Text] Seoul, Sept. 6 (YONHAP)—Former Defense Minister Yi Chong-ku on Monday denied any pressure from the presidential office, Chongwadae, in the process of changing the model of the Korean Air Force's next-generation fighter plane from F-18 to F-16.

"I had received instructions from no one in the process of changing the fighter plane model in favor of F-16," Yi said.

While testifying before an inspection team from the National Assembly Defense Committee, the ex-defense minister said the major reason for the change of the aircraft model was the American F-18 manufacturer's demand for 120 million more dollars than the original estimate.

As to the suspected involvement of kickbacks in the switch of the model, Yi said, "There were only routine dealings. I do not think there were any kickbacks."

As the ground of his denial of kickbacks, Yi said that half of the F-16 project is under the inter-governmental foreign military sales program and half of the remainder is to be met with domestic production, with the American manufacturer's portion thus being no more than 25 percent.

Asked why he had recommended F-16 to the president, Yi said that since he is not an aircraft expert, he simply accepted what appeared to be just recommendations from qualified committees.

"In such a big project, a minister has no right to make a final decision. He is only in a median stage in obtaining the president's decision," he added.

Newspapers Comment on Decision To Buy F-16s

'Blow' to Fighter Program

SK0409054693 Seoul SEOUL SINMUN in Korean 4 Sep 93 p 6

[Article by reporter Yi Kon-yong]

[Text] Based on a new defense strategy of the U.S. Department of Defense, the U.S. Air Force has decided not to purchase F-16 fighter jets. Accordingly, it seems that the decision will deal a blow to the Korean Fighter Program [KFP] of our Air Force that has selected the F-16 as the next-generation fighter jet.

Furthermore, at a time when the National Assembly is conducting an inspection of state affairs, the people are focusing their attention on a sharp dispute which will emerge regarding the selection of F- 16s as the next-generation fighters.

However, our Defense Ministry notes that the U.S. Air Force's decision not to purchase F-16 fighter jets does not mean the suspension of their production. Because it is expected that 565 F- 16 fighter jets in all will be produced in 1994-1999, our KFP work will not be affected." The Defense Ministry has shown an ambiguous attitude by saying that "the U.S. Air Force's cancellation of its purchase of F-16 fighter jets is the issue related to the combat capability of the U.S. Air Force itself."

In the National Assembly Defense Committee's inspection held in the Defense Ministry on 3 September, Defense Minister Kwon Yong-hae said that "regardless of the decision of the U.S. Department of Defense, the KFP work will press ahead as scheduled." Thus he clearly revealed that the Defense Ministry will press ahead with the original plan concerning the KFP work.

However, the lawmakers of the Democratic Party urged that the KFP work be reconsidered, by pointing out that "when our government produced F-5E jets through assembly, the United States suspended their production and did not transfer technology to our side, thereby making investment facilities useless."

Defense industries, including Samsung Aerospace Industry and Daewoo Heavy Industry, which have joined the production of F-16 fighter jets, have viewed the U.S. Air Force's cancellation of its purchase of F-16 fighters as a suspension of production. They are seeking to find out the real meaning of the announcement of the U.S. Department of Defense. They are also trying to take a countermeasure.

In particular, it has been learned that the U.S. Government's decision not to purchase F-16 fighters is due to defects in machinery, including engines. Thus, the claim that the KFP work should be fully reconsidered becomes more persuasive.

Indeed, our Air Force's F-16 fighters crashed two times on 8 and 28 April. It was announced that the reason for the first accident was due to the pilot's mistake. However, the reason for the second crash has not been revealed. Many experts believe that it is highly likely that the two crash accidents were due to mechanical defects. In June 1992, engine defects were found in the F-16 fighters of the 51st Flying Corps of the U.S. Air Force in Osan, Kyonggi Province. Thus, the engines of all F-16 fighters of the U.S. Air Force in the ROK have been replaced. With the cracks found in the fighter body and wing-juncture part in 1991, the U.S. Air Force full-fledgedly repaired its approximately 1800 F-16 fighters.

It is unlikely that the announcement of the cancellation of the purchase of F-16 fighters will result in suspending production within two or three years. However, experts point out that it is not certain whether F-16 fighters will be produced or not thereafter; thus a basic measure should be taken.

It is certain that the logic of the Defense Ministry's officials—the logic that even though a new fighter jet, not F-16 fighters, is chosen as the U.S. Air Force's major jet, because the U.S. Force in Korea has F-16 fighters, F-16 fighter parts can be mutually exchanged and the ROK-U.S. joint exercises can be efficiently conducted—will not become persuasive.

The framework of the KFP work which the Defense Ministry has reaffirmed is as follows: Beginning in 1994, 12 end-products of F- 16 fighters will be introduced; 36 fighters will be produced through assembly; and 72 fighters will be produced through licensing agreement. By so doing, 120 F-16 fighters in all will be produced by 1999, and 24 F-16 fighters each year will be deployed in the Air Force.

'Stupidity' of F-16 Program

SK0409070093 Seoul HANGYORE SINMUN in Korean 4 Sep 93 p 3

[Editorial: "'Dying Generation' Fighters—Stop Toying With the People Any More"]

[Text] "The dog that chases the chicken looks at the roof," so goes the saying. We have this feeling with despondency to hear the news about the U.S. Government's decision to stop purchasing F-16s. The decision was announced at the final stage of the long national controversy over the change of planes for the Korean Fighter Project. Even before we received the 120 next generation fighters which we would purchase at $5.5 billion with the people's tax money, the United States, the manufacturer, branded the planes as obsolete "dying generation" planes rather than "next generation" fighters. We are overwhelmed by anger and consternation at the ruler of the Sixth Republic's incapability of managing the state and his ways of ruling the country as a whole. The announcement of the decision—which in fact means the suspension of the production of F-16s—was so shocking that we are at a loss to find a suitable expression to describe it. It was all the more shocking, as the announcement came with the deadline being only a day away for Former President No Tae-u to reply to the second round of the Board of Audit and Inspection [BAI] questionnaire and with the contents of the BAI questionnaire to Mr. No revealed by the parliamentary investigation of state affairs, thereby revealing Mr. No's act of arrogation.

Hence, the people are all the more indignant to hear the Defense Ministry's statement, which came after the U.S. Government announcement, that the Korean Fighter Project will be pushed forward unaffected by the announcement because the United States will continue to produce the 560 F-16s which it is supposed to supply to the ROK until 1999, and that the conditions for production will become more advantageous than the original plan after all.

Looking back to the history of the problem, we note that the U.S. Congress held a heated discussion in 1991 as to when the United States should stop producing F-16s in view of the suspected defects in the plane. It was last year when controversy rose again, as defects were found in the engines of the F-16s of the U.S. Air Force in the ROK and the ROK Air Force that led to the suspension of flights and the replacing of engines. The people still vividly remember that two crashes of F-16s last April increased their suspicion of the mistake in changing the types of fighters.

The government of the Sixth Republic must have been aware of the circumstances that led to the hastening of the U.S. Government decision to suspend the purchase of F-16 fighters. Customarily, decisions on changing the types of planes pursuant to the alteration of the defense strategy have been made taking time and without much haste. Therefore, the U.S. Defense Department's abrupt announcement on the suspension of the production of F-16s next year—the discussion of which has never been reported—should be so embarrassing to both our government and people that they cannot help feeling that they are toyed with.

Now it is apparent that the reason for choosing F-16s for the "next generation Korean-type fighters" has lost ground. It is now also clear that it was a nonsensical allegation that since the U.S. Air Force in the ROK has F-16s as its main fighters, the F-16 was the best choice for the sake of the stable supply of parts and the efficiency of ROK-U.S. joint military operations.

What is important now is to cudgel our brains to minimize the loss and damage our government will suffer. To this end, we should find out the truth behind the suspected misconduct being debated, and provide a systematic device to prevent the recurrence of such stupidity committed by the state. We should not tolerate any more the attitude of Former President No Tae-u, who is trying to evade replying to the BAI questionnaire and not cooperating with the parliamentary investigation of state affairs, hiding behind such absurd assertions as "presidential administrative action" and the "constitutional order." It is not what the former president or a member of the people is obligated to do. It is no longer a time when the suspicion of the "black money" paid under the pretext of building combat capability can be protected by the veil of military secrecy.

No Tae-u Avoids Answering Questionnaire on Arms

SK0409021393 Seoul YONHAP in English 0137 GMT 4 Sep 93

[Text] Seoul, Sept. 4 (YONHAP)—Former President No Tae-u notified the Board of Audit and Inspection on Saturday that he will not answer a questionnaire on suspected irregularities in the Yulgok military buildup program.

Noon Saturday was the deadline for No to respond to the BAI's second request for the former president to answer its questions.

Yun Sok-chun, an aide to No, notified the BAI at 7:50 AM on Saturday, returning the questionnaire and delivering a letter from No addressed to BAI Chairman Yi Hoe-chang.

The main point of No's letter is that the BAI has no legal right to investigate the processes by which a president makes national policy, Yun said. There was no change in No's position, he added.

The BAI is expected to announce its response soon after studying No's reply.

No's letter says that, as made clear in a statement Aug. 26, selection of the country's mainstay fighter aircraft was done with the national interest in mind and after consultations with the ministries concerned and through a fair study.

There could not be an iota of doubt about the selection and the final responsibility rested solely with himself, the former president said in his letter.

As for the process of selecting the aircraft, No said it was explained in papers sent to the BAI earlier with an explanatory note. He asked the BAI to consult related reports of concerned ministries and presidential orders.

Board To Announce Actions

SK0409055193 Seoul YONHAP in English 0520 GMT 4 Sep 93

[Text] Seoul, Sept. 4 (YONHAP)—Yi Hoe-chang, chairman of the Board of Audit and Inspection [BAI], said Saturday [4 September] the BAI will announce Tuesday what action it will take against Former President No Tae-u over his refusal to answer its questions on suspected irregularities in the Yulgok military buildup program.

Yi said the BAI will announce the result of its investigation of the Yulgok program at the same time.

Yi made the remark to reporters after he attended a hearing by the National Assembly Construction Committee on the construction of the peace dam by the administration of President Chon Tu-hwan to counter a possible North Korean flood attack.

"The BAI will examine President No's reply again before deciding what to do about it," Yi said.

Board Not To File Lawsuit

SK0709112493 Seoul YONHAP in English 1105 GMT 7 Sep 93

[Text] Seoul, Sept. 7 (YONHAP)—The Board of Audit and Inspection (BAI) reported on Tuesday that the presidential office unduly chose the F-16 in late 1990s as the model of the Korean Air Force's next-generation fighter plane.

Announcing the result of its probe into the controversial change of the model from the initially selected F-18 to F-16, the BAI said that President No Tae-u, at the urging of one of his senior secretaries, adopted F-16 in disregard of the Defense Ministry's preference for F-18.

The BAI asked for personnel actions against a total of nine officials involved in the fighter project, who included one lieutenant general and two major generals.

The board said, however, it would not file a lawsuit against No because doing so would dilute public attention to the essence of the problem of the unjustifiable change of the model.

The Defense Ministry, it said, expressed the concern that the change of the model to F-16 at a time when a memorandum was already signed for F-18s, would lead to increasing procurement cost, a delay in arms modernization programs and a damage to national confidence.

The report said that in the one-sided change of the model, Kim Chong-hui, then senior presidential secretary for national security and foreign policy, played a key role.

When the Defense Ministry suggested a reduced number of F-18's to purchase, refixing of the time of procurement and change of the method of procurement to facilitate the procurement of F-18s within the available financial resources, Kim Chong-hui reported to No only the demerits of the three methods suggested.

The BAI also noted that due to an improper judgement in the decision to purchase F-16s, some equipment has become not available due to the United States' failure to develop it while the lack of an inter-governmental memorandum over F-16s has led to reducing the effect of domestic production of some of the planes.

NSP Chief: Chon Tu-hwan 'Exaggerated' Threat

SK0409014993 Seoul YONHAP in English 0107 GMT 4 Sep 93

[Text] Seoul, Sept. 4 (YONHAP)—Director of the Agency for National Security Planning Kim Tok says he had to conclude that Former President Chon Tu-hwan's administration exaggerated the danger of North Korea's "flood attack" when it decided to build the so-called Peace Dam to counter it.

Testifying before the National Assembly Construction Committee, investigating national policies of former administrations, Kim said Friday [3 September] that the agency had estimated the volume of water North Korea's Kumgangsan Dam could hold at 7 billion tons.

But a person or persons above the level of the agency, including its director, apparently blew the figure up to 20 billion tons in order to exaggerate the danger of the perceived North Korean flood attack, Kim said.

Kim indicated that that person or persons would have to have been Chon or Chang Se-tong, then-director of the agency.

Kim's remark is expected to fuel the main opposition Democratic Party's demand for summoning of Chon for the committee's hearing. The ruling Democratic Liberal Party has said it will oppose the opposition demand, and heated debate on the issue between the ruling and opposition parties is expected to ensue next week.

Kim Tok said Kumgangsan Dam, being built just north of the Demilitarized Zone, was not expected to reached the stage where it could pose any danger to the South before October 1989.

But the Chon administration decided to build the Peace Dam, mostly on contributions from ordinary citizens, claiming that North Korea could unlease its flood attack during the 1988 Olympic Games in Seoul.

Yi Tong-pok, a special assitant to the agency director, said later that the North Korean flood threat was a theory developed by the Construction Ministry and it was worked out at an order of a person or persons above the agency level.

Nonetheless, the result of an investigation by the Board of Audit and Inspection also suggests that there is a strong possibility North Korea could use the possible flood attack as "a card" to put pressure on South Korea, Kim Tok told the construction committee.

Kim said North Korea recently reduced the dam's capacity to 410, 000 kilowatt/hour from 800,000 kw/h and resumed contruction for completion this year. But the way the construction is proceeding, it could finish building around 1996 or 1997. Whether or not the completed dam will pose a flood threat to the South has to be determined by another study, Kim said.

Former U.S. Envoy on Plot Against Kim Tae-chung

SK0609030793 Seoul CHOSON ILBO in Korean 6 Sep 93 p 2

[Text] A new testimony is now available that it was an ROK Air Force plane that was dispatched at the last minute to stop the plot to murder Mr. Kim Tae-chung, who was aboard a boat after being abducted from Japan in 1973, and that the person who ordered the dispatch of the plane was the late President Pak Chong-hui.

This testimony was made by Former U.S. Ambassador Donald Gregg, who was the head of the U.S. CIA Seoul branch when the abduction occurred, who disclosed this to Democratic Party lawmaker Cho Sun- sung when he was visiting the United States on 5 September.

An official from the Investigation Committee To Find the Truth of the Abduction and Attempted Murder of Mr. Kim Tae-chung (whose chairman is Kim Yong-pae) said this and added: Since the investigation committee is scheduled to meet Former Ambassador Gregg on 7 September, we will be able to hear about it more precisely then.

The Democratic Party has so far thought that the plane which had prevented Mr. Kim Tae-chung from being murdered must have been one belonging to a U.S. intelligence agency.

Envoy 'Refuses To Testify'

SK0709023393 Seoul YONHAP in English 0120 GMT 7 Sep 93

[Text] Seoul, Sept. 7 (YONHAP)—Former U.S. Ambassador to Seoul Donald Gregg, claiming that he has been misquoted, has changed his mind about testifying on the 1973 kidnapping of a South Korean opposition leader, Democratic Party [DP] officials said Tuesday.

Gregg came to Seoul on Monday and was expected to testify on the abduction of Kim Tae-chung before a party committee investigating the case. He will stay until Sept. 12.

Kim was whisked away from his hotel in Japan and was about to be thrown overboard when a helicopter appeared over the ship and saved his life. He later turned up at his Seoul home.

The former ambassador, now head of the Korea Society in the United States, was quoted as telling DP Rep. Cho Sun-sung when they met in the United States that then-President Pak Chong-hui sent the helicopter.

It had previously been believed here that the United States had sent the helicopter to save Kim.

Gregg says he was misquoted and now refuses to testify, the DP officials said.

The former diplomat has explained that he reported to then-U.S. Ambassador to Seoul Philip Habib, who met with President Pak, but the president never said he ordered the helicopter.

Gregg explained that the helicopter did not belong to the United States and never commented on which country it was from, the DP officials said.

Japan's Takeshita, Lawmakers Arrive in Seoul

OW0109075493 Tokyo KYODO in English 0627 GMT 1 Sep 93

[Text] Seoul, Sept. 1 KYODO—Japan's former Prime Minister Noboru Takeshita arrived in Seoul on Wednesday [1 September] heading a 40-member parliamentary delegation.

The Japanese lawmakers, who are representatives of the Japan- South Korea Parliamentarians' League, will meet members of their South Korean counterpart group Thursday.

Takeshita, head of the Japanese parliamentary group, is scheduled to meet President Kim Yong-sam on Thursday.

Takeshita's delegation include Diet members of the Liberal Democratic Party (LDP), Shinseito (Japan Renewal Party), Komeito, the Japan New Party, the Democratic Socialist Party and Sakigake (Harbinger).

Seoul, Tokyo Lawmakers Agree

OW0209154993 Tokyo KYODO in English 1454 GMT 2 Sep 93

[Text] Seoul, Sept. 2 KYODO—Legislators from South Korea and Japan adopted an 11-point joint statement Thursday [2 September] outlining efforts for political and industrial cooperation and a new era in bilateral relations, officials said.

In the statement, the lawmakers pledged to set up a 21st century committee grouping young legislators to map out positive relations between the two countries.

They agreed to join efforts to solve problems surrounding North Korea's suspected nuclear weapons development program.

The statement also urges that the 35 years of Japanese colonial rule over the Korean peninsula be clarified and they work together for economic cooperation in the Asia-Pacific region.

The legal and social status of Korean residents in Japan shall be improved and repatriation of former Korean forced laborers who were left behind on Russia's Sakhalin Island at the end of World War II tackled, the statement said.

The lawmakers also decided to jointly organize celebrations for the 30th anniversary of the 1965 (South) Korea-Japan Basic Treaty that established diplomatic ties between Seoul and Tokyo.

However, the 40-member Japanese delegation rejected a South Korean proposal to set up a joint committee to investigate the kidnapping of former South Korean opposition leader Kim Tae-chung from a Tokyo hotel to Seoul in August 1973.

They argued Japan was the damaged party in the incident and the matter had long been settled through diplomatic channels.

The legislators were meeting at the South Korea-Japan parliamentarians' unions general assembly for the first time since the inauguration of new governments both in Japan and South Korea.

South Korean President Kim Yong-sam, in a meeting with the Japanese visitors at the Blue House [Chongwadae] presidential office, welcomed the founding of the 21st century committee and stressed the importance of close South Korea-Japan cooperation.

"(South) Korea and Japan should jointly stride along the road to the future," Kim was quoted as saying.

The president, however, reiterated Japan must tell the truth about the forced recruitment of Korean women for Japanese military brothels during World War II and apologize.

Japanese Socialist Party Chairman Yamahana Comes

Daily Urges Yamahana's Apology

SK0509080393 Seoul KYONGHYANG SINMUN in Korean 5 Sep 93 p 3

[Editorial: "We Would Question Japan Socialist Party's Chairman"]

[Text] Japan Socialist Party [JSP] Chairman Yamahana came to our country yesterday. This is the first time that a JSP representative has visited our country, a representative of the JSP which has pursued a pro-North Korean line since its founding in 1955, not even recognizing the ROK Government as a government. He did not come to the ROK as a delegate to the general meeting of the ROK- Japan Parliamentarians' League held in Seoul but at the invitation of the chairman of the Democratic Liberal Party. Seeing that his visit was an inter-party exchange, it is apparent that his visit is aimed at reinforcing his position in the party.

In the wake of its ignominious defeat in the recent general elections, the JSP is cornered into a crisis within and without the party, it has been subjected to unprecedented criticism, and its party leadership has been called to account. In an attempt to overcome this crisis and the decline in its popularity and to restore the party's prestige, the JSP is hastening to hold the election of its chairman toward the end of September and to convene the party congress in December. We are aware that his first visit to the ROK is aimed at strengthening his position in the party and to freshen the deteriorating party banner. At a news conference upon his arrival to Kimpo Airport, he apologized to the Korean people for their sacrifices and the pain Japan imposed on them during its colonial rule. He also said that the purpose of his visit was the development of forward-looking relations between the ROK and Japan. If this is true, we welcome it because it satisfies the Korean people's feelings to a degree.

However, there is one thing that Chairman Yamahana should do first during his visit to Seoul. It concerns the JSP's ROK policy and its basic awareness. The JSP, which remained a minority party under the Liberal Democratic Party's one-party rule, has pursued an irrational anti-ROK line in its policy toward the Korean peninsula for as long as 38 years. The JSP refused to acknowledge even the 1965 ROK-Japan basic treaty on the grounds that it is against the Constitution. The JSP not only blindly defended North Korea but has consistently pursued the anachronistic party policy of even extolling the North Korean system upholding the cult of personality. The JSP even did not hesitate to commit the absurd act of siding with North Korea after the bombing of the Aungsan Mausoleum in Burma and the blasting of the Korean airliner in midair committed by North Korean agents, describing the incidents as a ROK's self-staged drama.

The JSP even avoided using the word ROK in its documents. The JSP history toward the ROK is such that it is ridiculous for the JSP chairman to mention ROK-Japan reconciliation and its contribution to the development of forward-looking relations. Chairman Yamahana should frankly admit that the JSP's line toward the ROK has been a gross mistake before he apologizes much with words for the damage the war caused to the Korean people. Then he should clearly declare his position for the improvement of relations with the ROK.

The JSP has recently begun to alter its line as the people gave it a cold shoulder for its excessive inclination for the cold war logic. We hear that the new JSP platform includes its acknowledgement of the U.S.-Japan security treaty and the ROK-Japan basic treaty which it has refused to acknowledge so far.

However, it is still unclear how the JSP intends to alter its ROK policy. To make it clear, the JSP should officially pass a resolution and adopt it at the JSP party congress. Now that the JSP is in power, it should alter its unrealistic line, which it pursued to suit the development of the times as an opposition party without knowing it would become a party in power. It will not be too late if the words "the ROK-Japan goodwill and friendship" are put into action after that.

Yamahana Apologizes for Occupation

OW0409044193 Tokyo KYODO in English 0417 GMT 4 Sep 93

[Text] Seoul, Sept. 4 KYODO—Social Democratic Party [of Japan] (SDP) [SDPJ] leader Sadao Yamahana offered his party's "heartfelt apologies" for Japan's colonial rule of the Korean peninsula after arriving Saturday [4 September] for a three-day visit to South Korea.

In a message to the South Korean people read out at Seoul's Kimpo Airport, Yamahana, the first incumbent SDP leader to pay an official visit to South Korea, also reaffirmed his party's intention to break with its past Korea policy, which has been unwaveringly pro- Pyongyang, and open a new chapter in relations with Seoul.

"Through this visit I hope to create an opportunity to build forward-looking relations between our countries based on true reconciliation between our peoples," said Yamahana, who is also state minister for political reform in the new coalition government.

Without recognizing and clarifying the responsibility for its militarist past, Japan's relations with the countries it invaded during World War II have no future, he said.

"In my capacity as SDP chairman I want to offer my heartfelt apologies for the unbearable sacrifices and sufferings Japanese militarism inflicted on the South Korean people," Yamahana said in referring Japanese colonial rule of Korea from 1910 to 1945.

He said the Japanese Government should make "a sincere apology" and study "measures that can find the approval of both peoples" with respect to its moral responsibility and relevant international treaties.

In an apparent effort to toe the government line, which is that postwar issues have been settled in bilateral agreements, he avoided mention of compensation.

Yamahana, visiting at the invitation of the ruling Democratic Liberal Party [DLP], expressed regret over his party's past hostile stance toward South Korea and the uncertainty caused by the "speech and conduct" of party members. "I will try my best to make you understand what the Social Democratic Party is really like," he said in promising to clear up remaining questions over the party line toward the Korean peninsula.

The SDP has had close relations with North Korea for several decades but virtually no relations with the South. Until it recognized South Korea as an independent state in 1986, the SDP had argued that North Korea was the sole legitimate government on the peninsula.

Yamahana reaffirmed a party decision of March 7 this year that gave unconditional recognition to the 1965 Japan-South Korea Treaty, which established diplomatic ties between Seoul and Tokyo.

Concerning North Korea's alleged nuclear weapons program, he said Pyongyang must revive its membership of the Nuclear Non- Proliferation Treaty and fully comply with the treaty's safeguards accords that require international inspections of nuclear facilities.

The SDP will give all-out support for the peaceful unification of the divided Korean peninsula, he said.

Yamahana is scheduled to meet with South Korean President Kim Yong-sam, who also heads the DLP, and the former co-chairman of the opposition Democratic Party, Kim Tae-chung, who has now retired from active politics.

Yamahana also apologized for some SDP legislators' remarks that had blamed the 1987 bombing of a South Korean jetliner by a self-confessed North Korean spy on an alleged plot by the South Korean Government.

Asked by reporters about the legislators' public comments on the incident, Yamahana said such remarks did not reflect the SDP's official position.

In the 1987 Korean Air jetliner bombing that claimed the lives of 115 passengers and crew, the agent, Kim Hyon-hui, told South Korean investigators that she was instructed by North Korean strongman Kim Chong-il to plant a time bomb on the plane.

Some SDP legislators then publicly condemned the Seoul government for making a false allegation to draw an international condemnation of North Korea.

Yamahana told reporters the legislators made such comments due to "the background of the era of the cold war when the Japanese Government maintained ties with South Korea, while the opposition SDP held ties with North Korea."

"The SDP has been changing itself over a certain span of time due to its perceptions that it must change itself in tandem with the end of the Cold War," he said.

The SDP leader also apologized for some legislators' 1983 comments about an attempted assassination by alleged North Korean terrorists against then South Korean President Chon Tu-hwan.

In the 1983 attack, Chon narrowly escaped death while four of his cabinet members were killed by a bomb that went off in a Rangoon (now Yangon) Martyrs Mausoleum in Myanmar [Burma] during a state visit.

Japan Socialist Party Chairman Apologizes for 'Cruelties'

SK0409064693 Seoul YONHAP in English 0559 GMT 4 Sep 93

[Text] Seoul, Sept. 4 (YONHAP)—Japan Socialist Party Chairman Sadao Yamahana, the first leader of the party to set foot in South Korea, arrived in Seoul on Saturday [4 September] afternoon at the invitation of ruling Democratic Liberal Party Chairman Kim Chong- pil.

Yamahana, who is also special minister for political reform, and 16 other Socialist Party delegates apologized to the Korean people in an arrival statement for the cruelties of Japan before and during World War II.

"I, as Japan Socialist Party chairman, apologize heartily to the Korean people that Japanese militarism enforced on the Korean people intolerable sacrifices and pain," he said.

He hoped his visit could help mend the suspicion and mistrust the Korean people have about the Japan Socialist Party as the party has consistently maintained relations with North Korea.

He called on Japan to "sincerely apologize" for its past colonial rule of Korea and take measures acceptable by the peoples of the two countries from the point of view of related international conventions and moral responsibility.

The Japan Socialist Party, he said, has to approve the Japan- South Korea basic treaty and supports the idea of denuclearizing the Korean peninsula.

On the North Korean nuclear issue, he said his party stands by the notion that North Korea should return to the nonproliferation treaty as soon as possible and fully implement the safeguards accord of the International Atomic Energy Agency.

During his stay in Seoul he will visit the National Cemetery and Tapgol Park, where the March 1 movement protesting Japanese colonial rule began in 1919.

Yamahana will meet with President Kim Yong-sam on Monday to exchange views on relations between Seoul and Tokyo.

Yamahana on Recognition of ROK

SK0509121293 Seoul YONHAP in English 1051 GMT 5 Sep 93

[Text] Seoul, Sept. 5 (YONHAP)—The chairman of Japan's Socialist Party [JSP], now visiting Seoul, said Sunday that his party would adopt a line which officially recognizes the South Korean Government during a party national convention slated for Sept. 25.

Sadao Yamahana told YONHAP News Agency in an exclusive interview that the issue for the JSP to participate in the Korea-Japan Parliament Union could be realized within this month.

Yamahana, the first by a JSP leader to visit here, also said that the line "contains the approval of the Seoul-Tokyo basic treaty, pursuit of diplomacy with the two Koreas for peace and human rights on an equal basis, observance of the Nuclear Non-proliferation Treaty, support for the denuclearization of the Korean peninsula and cooperation for reunification of Korea through nonviolence.

The contents are included in the so-called " '93 Declaration" the party has announced, he said.

"The JSP has already recognized Seoul officially and my visit here has also been approved at the secretaries' meeting of the party," Yamahana maintained.

"The line that contains the problem of officially recognizing Seoul will be adopted regardless of who takes the party chairmanship at the convention."

Turning to the issue of the controversial North Korean nuclear development program, Yamahana said, "our party is in a position that Pyongyang abide by the Nuclear Non-proliferation Treaty and observe the nuclear safeguards accord of the International Atomic Energy Agency."

"The nuclear issue should be a precondition for normalization of ties between Tokyo and Pyongyang."

With regard to the issue for the JSP to join the Korea-Japan Parliament Union, Yamahana explained that he had heard from Noboru Takeshita, a union president, that an executive meeting of the union to be held this month would approve the participation of the JSP.

Yamahana arrived Saturday at the invitation of Kim Chong-pil, chairman of the ruling Democratic Liberal Party.

The Japanese politician met Kim Tae-chung, a noted Korean opposition leader, at Kim's house in western Seoul Sunday afternoon and exchanged matters of mutual concern.

Meets Kim Tae-chung

SK0609025393 Seoul YONHAP in English 0216 GMT 6 Sep 93

[Text] Seoul, Sept. 6 (YONHAP)—The chairman of the Japan Socialist Party, Yamahana Sadao, has conferred with Kim Tae-chung, a former opposition leader, on problems related to settling the account of past events in bilateral relations and an investigation of Kim's kidnapping from Tokyo in 1973.

At their Sunday [5 September] afternoon meeting, Kim told the visitor that in order to forge a new relationship, past incidents in relations between Seoul and Tokyo have to be settled.

Especially, Japan has to apologize clearly to Korea for forcible recruitment of Korean men for the imperial army, laborers and so- called comfort women and pay compensation for the victims, Kim said.

Although Japan is now trying to become a permanent member of the United Nations Security Council, Kim told Yamahana that it would never be able to become a world leader if it could not make it up and cooperate with Taiwan and South Korea, which were the victims of the Japanese colonialism.

Kim also expressed regret that the Japan Socialist Party had adopted a policy of recognizing only North Korea and urged the party to recognize both sides.

If the North Korean nuclear issue is resolved, Western countries should proceed to establish relations with North Korea in order not to isolate Pyongyang, Kim said.

As for his own kidnapping, the former chairman of the main opposition Democratic Party said that although the criminal act was perpetrated by the South Korean Government, the Japanese Government, too, has responsibility.

The two governments will have to find out the real truth of the incident as part of their efforts to settle the past unfortunate incidents, Kim said.

Yamahana, the first socialist leader from Japan to visit South Korea, assured Kim that Japan would try to clear up the past and his party will actively work to find out the truth about his kidnapping.

With regard to the North Korean nuclear issue, Yamahana said his party has been urging its North Korean counterpart, the Workers' (Communist) Party, to cooperate with the International Atomic Energy Agency (IAEA) to resolve the issue.

Meanwhile, the Japanese press quoted Yamahana as saying in Seoul on Sunday that "it is unavoidable for Japan to take measures to pay compensation" for the comfort women, mostly Koreans, who were recruited and abused as sex slaves for Japanese soldiers during World War II.

In a speech at a meeting of his classmates in Seoul on Sunday night, Yamahana noted that South Korean President Kim Yong-sam has taken a broad-minded policy of not seeking Japanese compensation for the comfort women.

But the problem of defining Japan's responsibility for the war necessitates efforts to find out the truth as the first stage. On the second stage, the Japanese Diet (parliament) should resolve to apologize and conduct self-examination before making sincere compensation as a third stage action, he said.

Earlier Saturday night, representatives of the association of the relatives of the victims of the war called on Yamahana at a downtown hotel and asked for the Socialist Party's efforts to help determine the whereabouts of all the vcitims of the war and to pay compensation for them.

Urges 'Common Steps' on Rice

SK0609063793 Seoul YONHAP in English 0625 GMT 6 Sep 93

[Text] Seoul, Sept. 6 (YONHAP)—Japan Socialist Party [JSP] Chairman Sadao Yamahana said Monday that Japan and South Korea should join hands in the fight to keep their markets closed to foreign rice.

"I propose our countries take common steps on the rice issue in the multilateral Uruguay Round talks," Yamahana told ruling Democratic Liberal Party [DLP] Chairman Kim Chong-pil at DLP headquarters.

He called for setting up a consultative channel between the JSP and DLP, and Kim accepted, DLP spokesman Kang Chae-sop said.

"Japan's awareness is essential for cooperative and prosperous ties between Japan and South Korea...It is true that the JSP has leaned toward North Korea so far, but the JSP will show a new attitude in a new age," Yamahana said.

"Future relations between Seoul and Tokyo should be formed upon three principles—easing tension in Northeast Asia, pursuit of co- prosperity of South Korea and Japan, and Japan's recognition of its role in unification of the Korean peninsula," Kim said.

Yamahana invited a DLP delegation to visit Japan.

On IAEA Inspections of North

SK0609114193 Seoul YONHAP in English 1109 GMT 6 Sep 93

[Text] Seoul, Sept. 6 (YONHAP)—President Kim Yong-sam stressed on Monday that Japan should honestly shed light on problematic things of the past and apologize if there were any thing wrong.

"This, I think, will be one way for Korea and Japan to liquidate their unfortunate past and move onward toward a bright future," Kim said.

The president made the remarks while meeting with Sadao Yamahana, visiting chairman of the Japan Socialist Party, at Chongwadae [presidential offices].

Kim said he thinks highly of the visit to Korea by the head of the Japan Socialist Party, a visit being made in a policy change on the part of the party which he said had inclined in the past to support North Korea.

Yamahana said that the purpose of his current visit is to help liquidate the past. "We feel the mistake made during world War II and are preparing to display our apology not in words only but in deeds," he said.

He said his Socialist Party would execute all its policies from the basis that Japan should not ever become a military power in the future.

Yamahana, who is the minister for political reform in the new coalition cabinet of Japan, said his government's position is that North Korea should withhold its withdrawal from the Nuclear Nonproliferation Treaty and accept inspections from the International Atomic Energy Agency (IAEA).

"Our basic policy is not to have any nuclear weapons for any reason," Yamahana added.

Joint Chiefs of Staff Chariman Arrives in Moscow

SK0509120193 Seoul KBS-1 Radio Network in Korean 1100 GMT 5 Sep 93

[By Kim Song-ki from Moscow]

[Text] Yi Yang-ho, chairman of the Joint Chiefs of Staff, arrived in Moscow this afternoon and was greeted by General Suleymanov, deputy commander of the Russian Navy [title as heard].

Chairman Yi will visit Kolesnikov, chief of the General Staff of the Russian Army, and Defense Minister Grachev on the morning of 6 September to discuss military cooperation between the ROK and Russia, including the situation and security in Northeast Asia.

During his stay in Moscow, Chairman Yi will tour Russian field Army units and a MiG-29 assembly plant. Following this, he will visit the Pacific Fleet Command in Vladivostok. Also, he is expected to exchange views on military matters of concern between the two countries with the high-level Russian Army commander there.

Chairman Yi's visit to Moscow is a result of an agreement on military exchanges reached between the ROK and Russia last November. His visit to Moscow will be regarded as an important one and the first step in promoting future military cooperation between the two countries.

Human Remains Found at KAL 007 Wreckage Site

SK0409081293 Seoul YONHAP in English 0727 GMT 4 Sep 93

[Text] Moscow, Sept. 4 (YONHAP)—Human bones were discovered in the site where the wreckage of the Korean Air (KAL) flight 007, downed by a Soviet fighter 10 years ago, was buried and they might be remains of passengers and crew from the ill-fated plane, a Russian newspaper reported Saturday [4 September].

If proven true, this would put Moscow in an awkward situation as it has repeatedly insisted that it has found no bodily remains of the 269 dead and was likely to bring about a new controversy about the downing of the Korean passenger jet, the IZVESTIYA said.

On Thursday, a day after the 10th memorial service of the downing of flight 007 in Nevelsk, Sakhalin, five relatives of the a Japanese victim and two Japanese reporters stumbled across bones presumed to be human thighbones and backbones while digging the site where plane parts and belongings of passengers were buried, the daily said.

The corroded bones were wrapped in a cloth and it was unclear whose remains they were and how they got there, but there was a possibility that they might have been buried along with personal belongings at the time of the salvage operation, it said.

If they prove to be remains of the victims, governments of former Soviet Union and Russia are unlikely escape criticism from the international community in a humanitarian point of view, IZVESTIYA projected.

Sergey Stepanov, a presidential assistant and chief of the committee handling the KAL incident, attended the memorial service on Wednesday and assured the family representatives that the salvage team found no bodily remains.

The Korean plane strayed into Soviet airspace on Sept. 1, 1983, possibly due to the pilot's mistake in selecting the flight mode. Russia insists that its fighter jet pilots were convinced the aircraft was on a spy mission when they shot it down, killing all 269 people aboard that included Japanese and Americans.

Seoul, Moscow To Negotiate Pact on Birds

SK0409073693 Seoul YONHAP in English 0609 GMT 4 Sep 93

[Text] Seoul, Sept. 4 (YONHAP)—Seoul and Moscow will negotiate an agreement on protecting more than 330 species of migratory birds this month, the Foreign Ministry said Saturday.

A draft that Seoul is to propose to Moscow lists 337 kinds of birds that migrate between the two countries for protection and specifies special protection measures for birds like the egretta that face extinction, import-export control of animals and plants dangerous to these birds and exchange of research and information.

Regional neighbors have been urging South Korea to sign the agreement because it lies in the middle of the birds' migratory path and because heavy water pollution is killing the birds.

The agreement is also a part of the Rio declaration on environmental protection produced last year.

Vietnamese Envoy Holds News Conference at Expo

SK0309140493 Seoul YONHAP in English 0941 GMT 3 Sep 93

[Text] Taejon, Sept. 3 (YONHAP)—Vietnamese Ambassador Nguyen Phu Binh said here on Friday he believes South Korea's participation in the Vietnam war was something unavoidable.

"I think Korea's Vietnam war participation was due to an unavoidable circumstance prompted by pressure from outside forces," Ambassador Binh said.

In a press conference held on the occasion of the "Vietnam Day" of the Taejon Expo, the ambassador who speaks Korean fluently said children fathered by Koreans during the war do quite well in their livelihoods in Vietnam as they look alike Vietnamese unlike those fathered by Americans.

Ambassador Binh studied the Korean language at Kim Il-song University in North Korea and served at the Vietnamese Embassy in Pyongyang for five years beginning 1973.

"Though our countries entered full diplomatic relations only one year ago, bilateral economic exchanges are so brisk that South Korean industries' investment in my countries now total 465 million dollars," he said.

Vietnam is now striving hard to develop itself into an economically advanced country like South Korea through reforms and economic cooperation with Korea, Ambassador Binh said.

Seoul Sends First 'Cultural Mission' to PRC

SK0709035093 Seoul YONHAP in English 0203 GMT 7 Sep 93

[Text] Seoul, Sept. 7 (YONHAP)—South Korea's Culture and Sports Ministry has sent an official cultural mission to China for the first anniversary of the normalization of diplomatic ties between Seoul and Beijing.

The mission, which comprises the National Dancing Troupe, the National Korean Opera Troupe and the National Music Band, will give performances in Beijing, Tianjin and Shanghai on Sept. 7-18. Ties were normalized on Aug. 24 last year.

Former Vice Culture Minister Kim Tong-ho heads the 71 members, including 59 performers. It is the first official cultural mission to China and aims at showing the originality, authenticity and elegance of Korean culture.

Government To Name 3 Officials for S-N Talks

SK0609003193 Seoul YONHAP in English 0013 GMT 6 Sep 93

[Text] Seoul, Sept. 6 (YONHAP)—The government has decided to name the South Korean envoy to North Korea from among government officials of the cabinet ministerial level, if Seoul and Pyongyang agreed to exchange special emissaries to discuss pending inter-Korean issues including the North Korean nuclear question.

Following the decision, the government will recommend three officials—Pak Kwan-yong, chief presidential secretary, Yi Hong- ku, senior vice chairman of the Advisory Council on Democratic and Peaceful Unification, and Han Wan-sang, minister of the National Unification Board—to President Kim Yong-sam, government officials said Monday.

The ministries concerned with unification problems hope to let President Kim make the final selection, the officials said.

"If the two sides agreed to exchange special envoys, South Korea's emissary has to be one who is well versed in unification problems and who has to be a government official," said one of the officials, requesting anonymity.

Since the South Korean delegation to the working-level contact for the exchange of envoys is to be led by an official on the vice ministerial level, the envoy has to be an official with the rank of minister or above, he said.

The government hopes to sound out the Northern side on the rank and qualification of the envoy as well as the date and other procedures for the exchange if Pyongyang agreed to hold the working- level contact Tuesday as proposed by Seoul, he said.

But he said he could not rule out the possibility of President Kim naming an official other than the three men.

Government To Respond to North Proposal on 8 Sep

SK0709034093 Seoul YONHAP in English 0328 GMT 7 Sep 93

[Text] Seoul, Sept. 7 (YONHAP)—The South Korean Government, in a meeting on Tuesday afternoon, is to discuss its position on North Korea's proposal for postponing working-level talks to Friday [10 September].

The government, informed sources said, will for the moment study the possibility of Prime Minister Hwang In-song sending a telephone message to his North Korean counterpart, Kang Song-san, Wednesday to inform Pyongyang that we will send working-level delegates to Panmunjom on Friday.

If North Korea again makes excuses to delay the working-level contact, they said, the government will probably revise its North Korea policy completely and set about preparing anti-Pyongyang sanctions.

Kang, in a telephone message, demanded Monday that Seoul halt its "nuclear war exercise," meaning the South Korea-U.S. annual joint defensive military drill "Team Spirit," and its attempts to seek cooperation from the international community in connection with the nuclear issue.

The government considers making its position clear on the two questions in its telephone message on Wednesday.

"The North Korean attitude is now clear," a government official said. "But we will seek to give them (North Koreans) another chance and consider sending our working-level representatives on the date set by North Korea for the moment.

"Our Wednesday offer, if any, will determine our next move toward North Korea," he said, hinting at a hardline attitude if Pyongyang again refuses inter-Korean dialogue.

To Send NUB Vice Minister

SK0709083693 Seoul KBS-1 Radio Network in Korean 0800 GMT 7 Sep 93

[Text] It was learned that the government held a meeting on reunification-related strategy this afternoon and decided to send a telephone message to the North

Korean side tomorrow [8 September]. In this message, the government will inform North Korea of its position to send our side's working-level delegates to Panmunjom on 10 September, the date designated by North Korea.

At today's meeting, the government noted that the North Korean side raised an unreasonable demand as a precondition for the working-level contact that we manifest our position on discontinuation of the so-called nuclear war exercise and on giving up the international cooperative system. However, proceeding from the position to realize North-South dialogue first of all, the government decided not to mention the North Korean side's demand but to notify the North that it will dispatch as working-level delegates Song Yong-tae, vice minister of the National Unification Board [NUB], and Yi Song-kon, ambassador-at-large in the Foreign Ministry, to Panmunjom on 10 September.

However, in the event that the North Korean side does not respond to the working-level contact by continuously putting forward preconditions, the government would consider that North Korea is not interested in North-South dialogue. Thus, it will actively work out measures to cope with this.

Government Bars North Students From Visiting

SK0409094593 Seoul YONHAP in English 0931 GMT 4 Sep 93

[Text] Seoul, Sept. 4 (YONHAP)—The government decided not to allow North Korean students into the country to attend the annual joint campus festival of Korea University and Yonsei University on Sept. 21-25, a senior government official said Saturday.

Student representatives of the two elite South Korean universities applied for a permission to invite some 20 students from the Kim Il-song University to their festival.

The Seoul government cannot permit the invitation nor any private-level inter-Korean contact until the North Korean nuclear problems is resolved, the official explained.

But he thought the invitation was a good idea as the festival was a genuine academic and cultural event and could lead to healthy inter-Korean student exchanges.

He hinted that with a breakthrough in nuclear issue, North Korean students might be allowed to take part in the campus fair here.

Meanwhile, a spokesman for students committee of Kim Il-song University issued a statement Friday [3 September], saying his side was delighted at the invitation to the Yonsei-Korea Festival and would send five representatives to the truce village of Panmumjom on Sept. 10 for working-level talks.

According to NAEWOE Press, Seoul's official North Korea watcher, the spokesman said North Korean students could no longer delay a meeting with their South Korean counterparts and welcomed the invitation with open arms in a radio broadcast.

Official on Plans To Cope With North 'Crisis'

SK0309133793 Seoul SEOUL SINMUN in Korean 3 Sep 93 p 1

[Article by Kim Yong-man]

[Text] It was learned on 2 September that, believing that North Korea is in a critical situation due to a food shortage, the government is working out various measures.

The government is bracing for all possible situations, including the possibility of either a sudden provocation by North Korea designed to divert the complaints of the North Korean people to the outside, or the collapse of the North Korean regime followed by a collective exodus of its residents to the South.

By way of precaution against the situation in which North Korea suddenly crumbles and the inevitable subsequent German-style reunification takes place, the government is reviewing ways to raise a so-called "North-South fund" with a view to airlifting food to North Korea and increasing reserved food.

A high-ranking Chongwadae [presidential office] official said: "Judging from the circumstances surrounding North Korea and the opinion of people who have visited North Korea, North Korea is facing a very severe crisis because of food shortages and other reasons." He added: "The government authorities have begun providing measures to respond to various possibilities."

Beginning early this year, hundreds of soldiers have fled to the PRC and frequent plundering and riots have taken place because of food shortages. The North Korean authorities are taking tough measures against fugitives, including burning them alive. It has been observed that an unprecedented crisis atmosphere is being created.

Korean residents in Japan, who have recently been to North Korea, report that Pyongyang citizens believe that war is imminent because the North Korean authorities are driving Pyongyang into an atmosphere of war. They also report that Pyongyang citizens are conducting an antiaircraft exercise for one hour a day.

The Chongwadae official said: "I believe that North Korea will face the greatest crisis this year because of serious food shortages caused by unusually cool weather." He said the government is working out measures to cope with two possibilities: Either the North Korean authorities invade the South in order to lull the residents' complaints, or its residents and soldiers flee to the South in groups by crossing the truce line.

Assuming that such a judgment by the government authorities has nothing to do with North-South dialogue, this official said: "We know that North Korea has given in to the U.S. demands to accept North-South dialogue. We, however, plan to positively accept North Korea's proposal on exchanging special envoys."

The resumption of North-South dialogue is at hand. In this connection, this official said: "The North and the South have already set many precedents on procedures and format of talks. The preliminary contact will not take long." He added: "There will be progress in North-South dialogue when special envoys are finally exchanged."

Minister on Involving North in Pacific Community

SK0409060393 Seoul YONHAP in English 0554 GMT 4 Sep 93

[Text] Pusan, Korea, Sept. 4 (YONHAP)—Foreign Minister Han Sung-chu said Saturday that South Korea must find ways to bring North Korea into the new Asia-Pacific community emerging around the Korean peninsula.

Speaking before the Council on Global Exchanges in this port city, Han looked back to May, when he proposed a comprehensive Asia- Pacific cooperation body, and July, when visiting U.S. President Bill Clinton envisioned a New Pacific Community.

"When we chart such future of hope and promise, we cannot but think about North Korea," the foreign minister said.

"We must seek whatever ways to have North Korea participate in this (future)," he said. "We hope and we will continue to try so that North Korea can resolve its nuclear suspicion as soon as possible to participate in regional peace and economic order and thus pave with us the road to unification."

Cooperation in the Asia-Pacific spreads out to security and economy, said han.

While an Asia-Pacific forum is much desired, the region is too vast to establish a well-knit security cooperation, he said.

"On a sub-regional basis, the highest critical area in regional security cooperation is Northeast Asia where the four superpowers surround the Korean peninsula," Han said.

The Asia-Pacific Economic Cooperation (APEC) has a chance at rebirth this November when state leaders gather for the first time for an economic summit, Han predicted.

The APEC summit will be the first to encompass both the East and the West and so it is "the first step to formulating the Asia- Pacific Community," he said.

"This (regional cooperation) is not just a chase after idealism....It carries realistic meaning of contributing to regional peace and prosperity and securing our status within the region," he said.

North Requests India's Support for Reunification

SK0509040593 Seoul KBS-1 Radio Network in Korean 0300 GMT 5 Sep 93

[Text] According to a PTI report from Beijing, North Korea issued a statement from the North Korean Embassy in Beijing on 4 September in connection with Indian Prime Minister Rao's visit to the ROK next week. The statement said that North Korea hopes that Prime Minister Rao will support the North Korean reunification formula which is based on the concept of one nation, one state, and two systems and two governments. The statement said that North Korea hopes that Prime Minister Rao will remember that India has traditionally supported the North Korean position on the reunification of the Korean peninsula. The statement asserted that countries like India should persuade the International Atomic Energy Agency to work out impartial procedures for nuclear inspection.

Burma

National Convention Plenary Session Resumes 6 Sep

BK0609094393 Rangoon Radio Burma in Burmese 0630 GMT 6 Sep 93

[Text] The National Convention Plenary Meeting was held at 1000 this morning in the Central Meeting Hall at the President's House compound on Ahlone Road. It was attended by Chairman of the National Convention Convening Commission Lieutenant General Myo Nyunt, vice chairmen—Lieutenant Colonel Maung Thint and Brigadier General Myo Thant—and commission members; Chairman of the National Convention Convening Work Committee [NCCWC] U Aung Toe, Vice Chairman Tha Tun, and work committee members; Chairman of the National Convention Convening Management Committee Brig. Gen. Tin Aye and committee members; national convention delegates, and local and foreign journalists.

U Thein Lwin of the peasant delegate group acted as alternate chairman. Members of the Panel of Chairmen are U Myo Thant, U Tun Yin Law, U James Bond, U Mya Sein, U Tin U, U Ba Han, Colonel Thaik Tun, and U Wan Tin. Director General of the NCCWC Office U Khin Maung Myint, acted as master of ceremony. The master of ceremony announced the meeting valid as 648 out of 698 national convention delegates attended the meeting.

Next, a comprehensive evaluation on the proposal papers—which were presented and submitted by national convention delegate groups on formulation on fundamental principles, which are suitable to be included in the constitution—was presented to the national convention plenary meeting by alternate panel of chairmen.

First, Alternate Chairman U Thein Lwin explained and presented the evaluation on the objective of nondisintegration of the union. Then member of the panel chairmen, Col. Thaik Tun, explained and presented the evaluation on the formation of regions in the state and renaming the regions with historical names. The meeting recessed at 1110 for lunch. The National Convention Plenary Meeting is in progress for the afternoon session.

Report by Panel of Chairmen

BK0609152893 Hong Kong AFP in English 1506 GMT 6 Sep 93

[Text] Rangoon, Sept 6 (AFP)—Burma's ongoing constitutional convention generally supported the military's demand for a leadership role in future politics, said a panel of chairmen who submitted their findings at a plenary session Monday. Their findings were based on "overall appraisal" of 22 submissions made by delegates last month on the fundamental principles to be included in Burma's new constitution.

The majority of the delegates were in favour of adopting a republic type of union, headed by an executive presidency, with the military playing a leadership role in a bicameral legislature, the chairmen said in their five-hour presentation.

The panel's findings were seen by observers here as an initial victory for the military which has been stressing that a leadership role was its "legitimate right."

The chairmen, however, said a suggestion from the military that Burma's states abandon their ethnic minority names was found to have been generally unacceptable.

The panel proposed instead that the states retain their original names or change them by plebiscite if that were desired.

Spokesman for the leading political parties said they were still waiting for the chance to express their feelings at future sessions when more comprehensive discussions on the details of the constitution were expected.

"We are still hopeful", Aung Shwe, chairman of the National League for Democracy (NLD) told AFP, although he expressed surprise at the military's apparent move to have all of its demands laid down now in one section of the proposed constitution.

"We have been presenting our papers on the assumption that nothing was conclusive at this juncture," he said.

A spokesman for the Shan Nationalities League for Democracy, which last month became the first party to openly oppose the miltary's demand for a leadership role, refused to comment Monday. Almost 650 delegates attended Monday's meeting.

Afternoon Activities for 6 Sep

BK0609141793 Rangoon Radio Burma in Burmese 1330 GMT 6 Sep 93

[Excerpts] The National Convention Plenary Session was held at 1000 this morning in the Central Meeting Hall at the President's House compound on Ahlone Road. It was attended by Lieutenant General Myo Nyunt, chairman of the National Convention Convening Commission [NCCC], Lt. Gen. Maung Thint and Brigadier General Myo Thant, NCCC vice chairmen, and NCCC members; U Aung Toe, chairman of the National Convention Convening Work Committee [NCCWC], U Tha Tun, NCCWC vice chairman, and NCCWC members; Brig. Gen. Tin Aye, chairman of the National Convention Convening Management Committee [NCCMC] and NCCMC members; national convention delegates, and local and foreign journalists. [passage omitted covered by referent item]

When the National Convention Plenary Session resumed at 1215 after a lunch break, Panel of Chairman Member U Wan Tin presented the evaluation on matters relating to the formation of self- administered areas. Panel of

Chairman Member U Mya Sein explained and presented an evaluation on matters concerning the nonsecession from the union, Panel of Chairman Member U Thein Tun presented the evaluation on the objective of implementing a genuine multiparty democracy system, Panel of Chairman Member U Ba Han presented the analysis on the basic principle regarding the head of state, and Panel of Chairman Member U Tun Yin Law presented the evaluation on the basic principle concerning national sovereignty. The afternoon session recessed again at 1355.

The Plenary Session continued at 1425 where Panel of Chairman Member U Tin U presented an evaluation on matters concerning a union parliament which equally represent the 14 regions and a parliament which represent the entire country, and Panel of Chairman Member U Myo Thant explained and presented an evaluation on matters relating to regional legislatures and the defense services' participation in the legislature. The afternoon session concluded at 1510.

The National Convention Plenary Session will continue tomorrow, 7 September, at 1000.

Plenary Session Continues 7 Sep

BK0709101393 Rangoon Radio Burma in Burmese 0630 GMT 7 Sep 93

[Text] The National Convention Plenary Session was held at 1000 this morning in the Central Meeting Hall at the President's House compound on Ahlone Road, Yangon [Rangoon]. It was attended by Lieutenant General Myo Nyunt, chairman of the National Convention Convening Commission [NCCC]; Lt. Gen. Maung Thint and Brigadier General Myo Thant, NCCC vice chairmen; and NCCC members; U Aung Toe, chairman of the National Convention Convening Work Committee [NCCWC]; U Tha Tun, NCCWC vice chairman; and NCCWC members; Brig. Gen. Tin Aye, chairman of the National Convention Convening Management Committee [NCCMC], and NCCMC members; national convention delegates, and local and foreign journalists.

U Ba Han of the technocrats and intelligentsia delegate group acted as alternate chairman and U Myo Thant, U Tun Yin Law, U James Bond, U Mya Sein, U Thein Lwin, U Tin Oo, Colonel Thaik Tun, and U Wan Tin served as panel members. U Khin Maung Myint, director general in charge of meetings from the NCCWC office, acted as secretary of the meeting.

First, the secretary of the meeting announced the validity of the meeting as 649 of the 698 National Convention delegates attended the plenary session.

Next, a comprehensive evaluation on the proposal papers—which were presented and submitted by national convention delegate groups on formulation of fundamental principles and which are suitable to be included in the constitution—was presented to the national convention plenary session by the panel of chairmen.

Alternate Chairman U Ba Han first explained and presented the evaluation on the objective of distribution of administrative powers and the defense services' participation in the central and district level administrative bodies. Next, Panel Member U Mya Sein explained and presented the evaluation on judicial policies. Panel Member U Wan Tin then presented an assessment of the policy of forming judicial courts. Then, Panel Member Col. Thaik Tun presented the evaluation concerning the basic principle for the formation of the one and only strong and modern defense services. The morning session of the meeting recessed for lunch at 1135.

The National Convention Plenary Session afternoon session is in progress.

Thai Health Delegation Arrives 2 Sep

BK0209142393 Rangoon Radio Burma in Burmese 1330 GMT 2 Sep 93

[Text] At the invitation of the health ministry, a Thai health delegation led by Public Health Minister Buntham Khaewatthana and five members, arrived at Yangon [Rangoon] airport by air today to hold talks on Myanmar [Burma]-Thai bilateral health cooperation matters.

The delegation was welcomed at Yangon airport by Deputy Health Minister Colonel Than Zin, Thai Ambassador Wirasak Futrakun, and responsible personel from the Health Ministry.

The Thai health delegation visited the Shwedagon Pagoda in the evening.

Holds Talks in Rangoon 3 Sep

BK0409045693 Rangoon Radio Burma in Burmese 1330 GMT 3 Sep 93

[Text] A Thai health delegation led by Public Health Minister Buntham Khaewatthana, currently visiting Myanmar [Burma] at the invitation of the Health Ministry, paid a courtesy call on Rear Admiral Than Nyunt at the health minister's office at 0830 this morning. The Thai delegation was accompanied by Thai Ambassador Wirasak Futrakun. The health ministers of the two countries exchanged gifts.

At 0930, the delegations from the two sides held a meeting on Thai-Myanmar friendship and health matters in the conference hall of the Department of Medical Research. Present at the meeting along with Health Minister Rear Adm. Than Nyunt were Deputy Health Minister Colonel Than Zin and directors general of the Health Ministry. Members of the Thai delegation and the Thai ambassador attended the meeting along with Thai Health Minister Mr. Buntham Khaewatthana. The two delegations held frank and cordial talks following opening remarks by the two ministers.

The visiting minister and his delegation visited the National Museum at 1000 and the Department of Medical Research and the Yangon [Rangoon] People's Hospital in the afternoon. The delegation also visited the Children's Hospital and met with Aye Aye Nyein and Ei Ei Nyein, two Siamese twin sisters who were surgically separated on 25 July. The visiting minister presented cash donation to the head of the hospital, Dr. Thein Thein Myint.

The visiting minister and his delegation later visited the Myanmar Gems Enterprise. In the evening, Health Minister Rear Adm. Thein Nyunt hosted a dinner for the Thai minister and his delegation at the People's Square Restaurant.

Leaves Rangoon 4 Sep

BK0409154993 Rangoon Radio Burma in Burmese 1330 GMT 4 Sep 93

[Text] Public Health Minister Buntham Khaewatthana, currently visiting Myanmar [Burma] at the invitation of the Health Ministry, visited Pegu this morning and paid respects at the Shwe Mawdaw Chedi and Shwetha Lyaung Buddha statue. He also inspected the excavation of King Bayintnaung's Hanthawaddy Palace site and woodcraft produced by Pegu Township's (Bazin) industrial producer cooperatives society.

The five-member health delegation led by Public Health Minister Buntham Khaewatthana left Yangon [Rangoon] by air this evening.

The delegation was seen off at Yangon airport by Colonel Than Zin, deputy minister of health; Mr. Wirasak Futrakun, ambassador of Thailand; and responsible personnel from health ministry.

Money-Changing License Regulations Relaxed

BK0309092493 Hong Kong AFP in English 0629 GMT 3 Sep 93

[Text] Rangoon, Sept 3 (AFP)—Burma's military government, in a bid to raise much needed hard currency income, has authorised unlimited issue of licences to private citizens with foreign exchange bank accounts allowing them to become money changers, according to an official newspaper report Friday.

The move is to encourage widespread use of foreign exchange certificates (FECs), which were introduced earlier this year in Burma in a bid to increase foreign exchange earnings and promote tourism, said the state-owned MIRROR daily.

With an initial outlay of 1,000 dollars and an annual licence fee of 3,000 kyat, anyone wishing to become a money changer may do so in any part of Burma, it said. The official rate of the kyat is six to a dollar, but its street value is about 100 kyat to a dollar.

So far, other than official money changing outlets, licences had been severely restricted and, according to the newspaper, there had been issued to only 19 individuals throughout Burma.

Following the introduction of FECs [foreign exchange certificates], which are denominated in dollars, tourists until now have only been able to change dollars, British pounds or travellers' cheques for certificates at authorised money changing outlets, at Rangoon airport or in hotels, with the minimum amount specified at 200 dollars.

FECs can be used freely for commodity trade, transport fares, as well as restaurant or hotel bills. But house rentals and salaries as well as car and machinery rentals will still have to be done through established foreign exchange accounts, the Mirror said.

Brunei, Malaysia & Singapore

Malaysia

Economic Growth, Industrial Development Viewed

BK0709094593 Kuala Lumpur NEW SUNDAY TIMES in English 5 Sep 93 p 12

[Editorial: "Industrious Growth"]

[Text] Modesty is not the only reason why official economic estimates have been understated over the last few years. The happy- go-lucky optimism of the 1970s and early 80s, founded on the belief that post-war world industrial expansion would forever fuel commodity demand and prices, had fallen flat in mid-decade, costing many developing countries dearly in self-confidence and the long- cherished hopes of redemption from the rut of a colonial stupor. Malaysians grinned and bore the pain of structural adjustment with more fortitude than most, but much more than belt-tightening frugality had been achieved. The economy is in the process of self- transformation, and a good dose of level-headedness has been swallowed.

The strenuous structural adjustment of the mid-80s concerned, more than anything else, the country's over-reliance on commodities. Although industry has been the most active sector of the economy for some years already, the latest growth figures suggest a marked shift away from rudimentary bulk-material processing and labour-intensive assembly-line manufacturing. Heavy imports of capital goods had shrivelled Malaysia's trade balance, offsetting big revenues from oil and timber, throughout the recovery period. This capital investment has spawned the sort of output that characterises a country already well-along in its first steps towards full-blooded industrialisation. The expansion of "domestic-oriented industry" in the second quarter was led by fabricated metal products (up 68.5 per cent) and iron and steel (up by almost a quarter).

The relative downsizing of agriculture looks like bottoming out. Earnings had budged only marginally ahead in the first quarter as raw timber exports were scrimped down. For developing countries, the term "agricultural commodity" itself is something of a misnomer, used to describe what really amounts to first-world industrial inputs rather than foods. Declining log exports was compensated by higher value production in the second quarter—exports of manufactured wood and wood products grew by 35.2 per cent. Overall, agricultural output grew by 8.1 per cent, underpinned by a sharp jump in palm oil production (and export). The move to make more products, both finished and semi-finished, out of the amorphous bulk of commodity raw materials that Malaysia used to rely on for its competitive advantage continued with rubber. Production of industrial rubber products increased by just over 10 per cent, while the country continues to be eclipsed as a raw rubber producer.

Official projections of eight per cent growth for 1993 are now beginning to look like a wheeze. This conservatism rests on the official perception of how much the country still has to do to fortify itself against the vagaries of its traditional markets. It also reflects the national sacriffice of the recession years and impresses the need for forbearance under a leadership which could so easily have flinched under the enormity of the task of national reform, and its inherent risks.

Perhaps in an invidious allusion to her own eventual political isolation in the ambitious attempt to salvage Britain from its post- colonial decline, Lady Margaret Thatcher said on Friday: "Leadership involves many lonely decisions but Dr. Mahathir has never faltered or ducked them." Coming from the "Iron Lady" such praise did not ring as hollow flattery. The "Buy British Last" policy more than a decade ago actually belied the similarities between the two. Both espoused privatisation, deregulation and wider consumer choice as the central policy implements to reinvigorate an economy which was reclining in its smug old ways and was badly in need of a brisk shaking up. Each was uncompromising to political expedience and believed in a will to succeed on one's talents and merits. Along with the Malaysian Prime Minister, Lady Thatcher eschewed "the soft options", and believed that the feckless proclivity of Government to featherbed their citizens must be held in restraint. Her attitude to the British welfare state and her country's prospects in a post-industrial era are in rough tally with Dr. Mahathir's own thinking on the North-South axis and the capabilities of developing countries as epitomised by Malaysia. For both, any attempt at improvement begins with the old dictum that the helping hand you need is the one at the end of your arm.

Chinese, Russian Heads of States Congratulate Ong

BK0209120093 Singapore Singapore Broadcasting Corporation in English 1100 GMT 2 Sep 93

[Text] Several countries have sent congratulatory messages to President Ong Teng Cheong on his election as head of state. They include Sultan Hassanal Bolkiah of Brunei, Prime Minister Chuan Likphai of Thailand, Russia's President Yeltsin, Britain's Queen Elizabeth, President Jiang Zemin of China, and President Richard Von Weizsaecker of Germany. The governor general of New Zealand and presidents and prime ministers of Bangladesh, Sri Lanka, and Thailand [as heard] also sent their well wishes.

Sultan Hassanal said he looked forward to further strengthening of ties, while President Yeltsin said bilateral relations will further develop. China's President Jiang Zemin said he believed during Mr. Ong's tenure of office, China-Singapore ties will be further enhanced.

Singapore

Editorial Sees No New Changes in GATT Talks

BK0609134793 Singapore THE STRAITS TIMES in English 6 Sep 93 p 26

[Editorial: GATT Talks Will Drag On"]

[Text] The Uruguay Round of talks to liberalise world trade drags on, now in its seventh year. Last week, the 108-member General Agreement on Tariffs and Trade adopted December 15 as the deadline for concluding these talks. But it is hard to be optimistic about an early end to negotiations, even though the benefits of a successful outcome are clear. Global output would grow by some U.S.$5 trillion over a 10-year period. It is estimated that Asia would gain by about U.S.$2 trillion, while the United States and Europe would be able to increase their exports by U.S. $1 trillion each. At a time when the Western economies are strapped by structural unemployment, freer trade offers a way to boost growth and allow adjustments to take place that are long overdue: For example, much of the growth in the U.S. over the last five years came from exports. Besides seizing the gains to be made by lowering barriers to world trade, continued failure to do so would have serious repercussions. The drift towards protectionism could become inexorable. Closed national markets or trade blocs would not only do great damage to the global economy but also to the political relations that bind the economic giants, which serve as the bedrock of global stability.

Festering trade disputes between the U.S., on the one hand, and the European Community and Japan, on the other, plague the multilateral talks. Unfortunately, the special security ties that the U.S. has enjoyed with the other two since the 1950s have not proved to be an asset in defusing economic tensions. Domestic problems, caused by recession, have increased protectionist sentiment and sharpened their sensitivity to making compromises that might benefit others more. Such pressures have led to a greater concern with protecting narrow interests, thereby reducing the scope for making bold compromises. In large measure, this is because sectional interests enjoy undue influence in their political systems. Take the automobile and textile industries in the U.S. the farm lobby in France or the rice lobbies in Japan and South Korea. Saving jobs or shoring up pet sectors has taken precedence despite the higher prices that consumers have to pay to keep their uncompetitive national industries afloat. The absence of strong political leadership has made it harder to overcome such problems.

It is, thus, unlikely that the tough decisions necessary to conclude the Round successfully will be forthcoming. Optimists could, of course, point to some hopeful signs. The market-access agreement announced by G-7 leaders last July was seen as a shot in the arm for the moribund trade talks. But hard work to give it concrete shape remains to be done. One could also draw some comfort from Japan's promise to introduce sweeping deregulation and stimulate domestic demand by the end of this year. But it remains to be seen whether the measures to be announced will placate the U.S. In any case, satisfying one trading partner will not be enough. The success of trade talks will require compromises by all the major parties covering a range of thorny issues, especially agriculture. The task will be more difficult if any of the principal players devotes more time to other pursuits. Last year, the Maastricht Treaty absorbed the EC's attention. This year, the U.S. has focused more on getting the North American Free Trade Agreement off the ground and pursuing its bilateral trade agenda with Japan. Above all, the three big economies—the U.S., Japan and EC—are in recession, with a strong recovery nowhere in sight. The situation in the EC is the worst. In other words, protectionist attitudes and lobbyist pressures are likely to grow stronger in the near future. To make matters worse, none of the G-7 leaders has the political clout or shown the will to make compromises that may be unpopular at home but essential to concluding the Round. Deadlines have been breached before. There is little ground for believing that it will be different this time.

Cambodia

Ranariddh Declares Sihanouk 'Will Be King' Again

BK0309132093 Hong Kong AFP in English 1309 GMT 3 Sep 93

[Text] Phnom Penh, Sept 3 (AFP)—Prince Norodom Sihanouk "will be king" of Cambodia once again, his son declared Friday upon his return from a meeting of Cambodian leaders in North Korea.

Prince Norodom Ranariddh, the son of Prince Sihanouk and co- premier of the interim coalition governing Cambodia, said that Cambodian leaders had agreed to restore the monarchy during the talks in Pyongyang.

"My father will be king," the prince said before being whisked off from the airport in his black limousine.

Cambodia's new constitution is due to be adopted on September 15, and will reinstate a constitutional monarchy to Cambodia, Prince Ranariddh said.

Prince Sihanouk was first made king in 1941 by the ruling French who thought he would be malleable, but he abdicated in favor of his father in 1955 in order to have more political control.

He became head of state again five years later when his father died, but maintained the title of "Prince."

The head of the U.N. peacekeeping operation here, Yasushi Akashi, endorsed the Cambodians' decision.

"There are many monarchies in the world which are also democracies," he said on his return from a trip to Bangkok where he met with diplomats from countries not represented in Cambodia.

"If the Cambodians decide certain authority should be given to Prince Sihanouk, it is within their rights to do so," he said.

The Cambodian leaders, including co-premier Hun Sen and the chairman of the constituent assembly Son Sann, took two drafts of the constitution with them when they left for Pyongyang to seek Prince Sihanouk's approval.

Hun Sen also confirmed the decision.

Prince Sihanouk is currently head of state and was resting in North Korea at the invitation of his life-long friend, communist stalwart Kim Il-song.

One constitution, made at the behest of Prince Ranariddh, restored the constitutional monarchy.

The other, drafted by a joint committee of both the royalist and former communist parties, called for a parliamentary system with a head of state elected for a five-year term and a prime minister who was expected to be Prince Ranariddh.

The younger prince is also expected to become prime minister under the constitutional monarchy.

However, the prince did not resolve conflicting reports over whether there would be one or two prime ministers. He said he would have a press conference on Saturday.

Prince Sihanouk Opposes Monarchy, Republic

BK0409055493 Phnom Penh National Voice of Cambodia Radio Network in Cambodian 0430 GMT 4 Sep 93

[Text] Dear listeners: On 4 September, our radio received a message from Prince Norodom Sihanouk, Cambodia's head of state. Here is our translation of the message:

Beloved children:

I beg you to abandon the idea of establishing a monarchy with me as king of Cambodia. Please keep the original draft of our constitution, which is neither a monarchy nor a republic. Only the original draft of the constitution, with which I have already agreed, can unite and continue to unite our entire people and nation for the supreme interest of our motherland. If we create a monarchy-republic problem, we will face a renewed split in our nation and the ensuing confusion. Cambodia and the Cambodian people have to heal their serious wounds. To a great extent, we have already been successful in this task.

At present, only the Democratic Kampuchea-Khmer Rouge issue remains to be resolved. A new and serious problem involving a conflict between a monarchy and republic should not be created. In the past we found a good formula, that of Cambodia being an independent, neutral, and nonaligned state. Cambodia should neither be a kingdom nor a republic. Cambodia has a simple name, Cambodia. This will unite and continue to unite all our compatriots and this will help save our motherland, people, and race. Foreigners who attempt to make us disappear will not be able to destroy our revered Cambodia.

Children, please fully abide by my message. With my wholehearted thanks, please accept my high consideration.

[Dated] Beijing, 4 September 1993

[Signed] Norodom Sihanouk

Sihanouk Cuts Ties With UN, To Enter Hospital

BK0409104493 Hong Kong AFP in English 1020 GMT 4 Sep 93

[Text] PHNOM PENH, Sept 4 (AFP)—Prince Norodom Sihanouk said in separate statements Saturday that he is severing all ties with the United Nations and will not return to Cambodia as planned because of renewed health problems.

The prince was scheduled to arrive September 15 for the ratification of a constitution restoring him as a constitutional monarch. But he "upset the apple cart," in the words of one diplomat, by sending a letter to U.N. Transitonal Authority in Cambodia (UNTAC) chief Yasushi Akashi saying he was severing relations, would not become king and would not return to Phnom Penh as planned, Cambodian political sources and diplomats confirmed.

Citing health problems in a statement addressed to his compatriots, the prince said he was planning to enter Beijing Hospital on Wednesday to undergo "a series of medical examinations and treatment."

"I ask that you please permit me to prolong for some time my stay in Beijing because I still have health problems," he said in the statement. He did not specify the duration of his stay, but in another statement addressed to Cambodian leaders, he said he would not be present during the adoption of Cambodia's constitution.

"If the National Assembly, after the promulgation of the Cambodian constitution, decides to elect me as head of state for a five-year presidential mandate, I ask that you send me by fax the oath I must take," he wrote.

In the letter to Akashi, Sihanouk said he would "no longer have relations with UNTAC because inside UNTAC some people are anti- Sihanoukist," a Cambodian political source said.

The letter was confirmed by Royal Palace and U.N. officials, both of whom said they were not allowed to release it officially.

Sihanouk's Message Cited

BK0709024593 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 6 Sep 93

[Message of His Royal Highness Prince Norodom Sihanouk, head of state, to UNTAC Chief Akashi"; dated 4 September—read by announcer]

[Text] Your Excellency: UNTAC [UN Transitional Authority in Cambodia] personnel have frequently attacked me on this or that issue and made slanderous statements against me. According to BBC Television this morning, UNTAC personalities attacked me on the restoration of monarchy in Cambodia, for which I did not ask. It was the constituent assembly and Cambodia's provisional government that proposed this.

Since UNTAC came to Cambodia, I have continuously facilitated UNTAC work. Your Excellency in particular has received my assistance and consideration. However, it is regrettable that within UNTAC there are people who 100 percent oppose Sihanouk and do everything to prevent Sihanouk from achieving full sovereignty and full independence for Cambodia with territorial integrity. In this respect, these anti-Sihanouk persons have many times defeated my efforts to serve only the interests of my motherland, people, and race.

In such a situation, I am compelled to definitively sever my relations with UNTAC and ask that Your Excellency contact only the provisional government from 4 September.

Please do not visit me in Beijing on 10 September 1993.

UNTAC Spokesman Avoids Comment

BK0409120693 Hong Kong AFP in English 1126 GMT 4 Sep 93

[by Sheri Prasso]

[Excerpts] PHNOM PENH, Sept 4 (AFP)—Cambodia's mercurial Prince Norodom Sihanouk on Saturday rejected restoration of the monarchy, severed ties with the United Nations and said he would enter a Beijing hospital rather than return to Phnom Penh as planned. [passage omitted]

In four separate statements and letters from Beijing released by the Royal Palace here, Prince Sihanouk told his compatriots, Cambodian leaders and UNTAC chief Yasushi Akashi that he was severing relations, would not become king and would not return to Phnom Penh as planned. [passage omitted covered by first referent item]

UNTAC spokesman Eric Falt would not comment on the severing of relations, but reiterated U.N. political support for Prince Sihanouk.

"Whatever role Cambodians choose for Prince Sihanouk, we shall respect. It is very clear he has to play a central role," he said.

The announcements threw the country's political future into question just when it appeared a resolution was imminent and that U.N. peacekeepers could make a smooth exit this month.

"What we are more and more concerned with is that the drafting be completed on time and a constitution be ratified on time. We're concerned about the time it's taking," Falt said.

Cambodian Government leaders, however, said they keep pressing for the restoration of a constitutional monarchy in Cambodia, and would try to convince the prince to change his mind.

"We will beg Prince Sihanouk. We will try to convince him. The overwhelming majority of the Cambodian people want to see the constitutional monarchy come back," said deputy information minister Ek Sereivoat.

"This is an opportunity for Cambodia to have unity and stability, and all political parties support it," he added.

Diplomats and Cambodian officials said the prince seemed to be reacting to news reports which pointed out that the restoration of the monarchy, announced late Friday, was not universally endorsed here.

Co-premiers Prince Ranariddh and Hun Sen had returned from the Pyongyang meeting with Sihanouk late Friday and declared that all Cambodian leaders had agreed to adopt a constitutional monarchy.

"My father will be king," Prince Ranariddh said then.

Prince Sihanouk blamed republican opposition inside Cambodia for changing his mind. [passage omitted]

Prince Sihanouk was first crowned in 1941 by the ruling French who thought he would be malleable, but he abdicated in favor of his father in 1955 in order to gain more political power.

He became head of state again five years later when his father died, but chose to remain a prince in order to execute day-to-day control over Cambodian affairs.

Sihanouk Changes Mind 5 Sep

BK0509071893 Hong Kong AFP in English 0651 GMT 5 Sep 93

[By Sheri Prasso]

[Text] Phnom Penh, Sept 5 (AFP)—Only a few hours after severing relations with the United Nations, Prince Norodom Sihanouk changed his mind and agreed to restore them, according to a letter released Sunday by the Royal Palace.

He agreed to receive U.N. Transitional Authority in Cambodia (UNTAC) chief Yasushi Akashi on Friday in Beijing. But the prince, in three other messages dated late Saturday, further explained why he had rejected the decision made by Cambodian leaders—himself included—for him to accept the throne, and indicated that he might be cajoled into changing his mind on the issue.

"I accept to restore my relations with UNTAC and I will have the honor to receive you in Beijing at the date you have set, September 10," the prince wrote to Akashi.

He cited "the terms of your noble letter, and the respect, the affection and the gratitude that I owe you as well as U.N. Secretary General Butros Butros-Ghali," for the shift.

Prince Sihanouk promised "one hour of political conversation" before a dinner to be offered in Akashi's honor.

In separate letters to Cambodian leaders Chea Sim and Son Sann, the prince alluded to his declaration that he would not support a restoration of the monarchy.

"Allow me only to say that according to the BBC ... the proposal to restore the monarchy stirred up a wave of protestations and criticism among our compatriots on the one hand and among people in UNTAC on the other," he wrote.

"If the restoration of the monarchy and my renomination as king divides our nation instead of consolidating national unity, we must renounce the restoration and my nomination," Prince Sihanouk said.

Cambodian leaders met Prince Sihanouk in Pyongyang last week and agreed that a monarchy would be readopted when a constitution is ratified on September 15, and that the prince would become king.

On that date, Akashi had planned a hand-over ceremony to transfer power to the new government, which was elected under U.N. supervision in May.

The sudden shift could be related to a power struggle between the 70-year-old prince and his son, Prince Norodom Ranariddh, whose party won the election.

A constitutional monarchy would favor Prince Ranariddh, who is likely to inherit the throne.

The alternative is another constitution drafted by a multi-party committee which calls for parliamentary system with a head of state elected for a five-year term.

Prince Sihanouk, in denouncing the monarchy, suggested this second formula instead.

But in a fourth letter to his son, Prince Sihanouk indicated some flexibility and said the constituent assembly must make the final decision.

"I have the right to suggest and to present requests, but I do not have the right to impose my will on the Cambodian people," he wrote. "I ask only that I am not involved in the final decision of the constituent assembly concerning the constitution.

Sihanouk Said To Meet Khieu Samphan in Beijing

BK0709070993 Phnom Penh National Voice of Cambodia Radio Network in Cambodian 0430 GMT 7 Sep 93

[Text] His Royal Highness Prince Norodom Sihanouk says that he has allowed the Khmer Rouge delegation led by Khieu Samphan to see him on Sunday 5 September and continue the meeting on 6 September in Beijing.

Although he did not say anything about the meeting, the prince stresses that the roundtable meeting, which the Khmer Rouge have requested to specify how they will be included into the new government, will be held in October. He further says that we should try to achieve a complete and durable peace in Cambodia and to end the existence of autonomous zones.

Sihanouk Announces Meeting, Travel Plans

HK0609042293 Hong Kong AFP in English 0414 GMT 6 Sep 93

[Text] Beijing, Sep 6 (AFP)—Cambodia's Prince Norodom Sihanouk said he will meet Khmer Rouge leader Khieu Samphan in Beijing Monday and announced plans to return to Cambodia next month. In a statement issued Sunday and received Monday, Prince Sihanouk said he would have political talks with Samphan and his delegation. It said the prince would continue the process of reconciliation and national unity and do his utmost to bridge the gap which still existed between "our elected national leaders and the Khmer Rouge."

Prince Sihanouk also said he would preside over "a round table with Son Sann, Chea Sim, Norodom Ranariddh, Hun Sen and Khieu Samphan" at the royal palace in Phnom Penh in October. The statement was a copy of a letter addressed to General Sak Sutsakhan, military adviser to the Cambodian provisional government.

The prince, who has a permanent home in Beijing, is also due to meet here Friday with Yasushi Akashi, head of the United Nations Transitional Authority in Cambodia (UNTAC).

Last week the Cambodian factions and the prince decided to reestablish the monarchy after ratification of a new constitution on September 15. But Prince Sihanouk later changed his mind. The about turn has been seen as part of a power struggle between the former monarch and his son Norodom Ranariddh whose party won the May general election. A constitutional monarchy would allow Ranariddh to succeed to the throne.

NADK Spokesman Denies Thais Providing Assistance

BK0709020193 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 6 Sep 93

["Denial by the Spokesman of the National Army of Democratic Kampuchea [NADK] on the Gross Lies of Vietnam and It's Puppets and Allies on the so-called Thai Army Assistance to Democratic Kampuchea"; dated 5 September—read by announcer]

[Text] Successive accusations have been constantly leveled by Vietnam's puppets and allies saying that Thai army has been providing assistance to the army of Democratic Kampuchea. Vietnam's puppet named Prum Moranak in Banteay Chhma, in the Thmar Puok area in Battambang and in Oddar Meanchey, recently lied in broad daylight that the Thai Army transported troops of the National Army of Democratic Kampuchea [NADK] in a 50-truck convoy—with 40 soldiers in each truck, altogether 2,000 troops—from the Pailin area to the Phnum Chhat area.

This is a gross lie, showing political incompetence or a very low political awareness. This is in fact a desire of the puppets and lackeys of the Vietnamese aggressors, including Prum Moranak, Khieu Kanharit, and other puppet leaders of Vietnam, to be just parrots repeating Vietnam's orders. The objective of Vietnam and its puppets and allies is to destroy national reconciliation, and in particular to discard Democratic Kampuchea and oppose through every means the forces assisting the Prince Father's national reconciliation. Many major problems have not yet been resolved and have been shelved by these people.

For example, first, the issue of the Vietnamese aggressors massacring the Cambodian nation and people for 14 years; nobody says a word about this. Second, the issue of tens of thousands of Vietnamese coming and going to

Cambodia daily across land and maritime borders; no one says anything about this. The number of Vietnamese dispatched to Cambodia has reached 3 million. No one bothers to look at this; no one says anything. On the contrary, these people have encouraged these Vietnamese and provide them with UN aid. Third, the issue of Vietnam successively sending army staff to Phnom Penh to assist in making plans to attack Democratic Kampuchea. No one says anything about this. Fourth, a French colonel, a Russian major, and the U.S. presidential envoy flocked to meet with Tie Banh and other puppet leaders in order to directly make plans to fuel the war to continue killing the Cambodian nation and people. No one says a word about this.

The people say: Such are the human rights of the aggressors and oppressors. This is the true nature and ethics of the aggressors and their puppets and lackeys.

[Dated] 5 September 1993
[Signed] Spokesman of National Army of Democratic Kampuchea

Indonesia

Official on Labor Conditions, U.S. Intentions

BK0409071293 Hong Kong AFP in English 0647 GMT 4 Sep 93

[Text] Jakarta, Sept 4 (AFP)—Revocation of trade privileges, as threatened by the U.S. Government should Indonesia fail to improve its labour conditions, would have an adverse impact on bilateral ties, a news report said Saturday.

Lifting the trade privileges under the Generalised System of Preferences (GSP) would only worsen labour conditions in Indonesia, the daily ANGKATAN BERSENJATA (ARMED FORCES) quoted top government labour official Payaman Simanjuntak as saying.

Simanjuntak, who is the government's director general of industrial relations and supervisor of labour standards, said the United States was inconsistent.

It granted trade privileges to Indonesia to improve the country's economic growth and not to control the trade system and labour conditions, he said.

The United States has expressed concerns about Indonesian labour laws, including the rights for workers to organise, and said it was considering a review of Indonesia's GSP status should the country fail to improve the protection of its workers by February.

A U.S. GSP team is expected to be Indonesia on September 20 to September 24 to discuss the issue with a government team formed to lobby Washington on the issue.

Simanjuntak said the U.S. Government had been pressured by the American labour union, AFL-CIO, to threaten to revoke privileges on charges that Indonesia ignored labour rights, including the rights to organise, low wages and military involvement in labour disputes.

In the case of "freedom of association," Simanjuntak said the United States was also "inconsistent" because it had not ratified the 98 convention of the International Labor Organisation (ILO) which guaranteed workers right to hold organisation. Indonesia, he said, has ratified the convention.

The U.S. Embassy here has expressed disappointment that Indonesian authorities had not granted the Sejahtera (Welfare) Indonesia Trade Union (SBSI), the country's largest independent union, permission to hold its first congress in July.

Commenting on that, Simanjuntak said the government would not recognise trade unions which were not set up by workers, as stipulated under the ILO convention. He said the SBSI was formed by non-governmental groups.

The government has declined to recognise trade unions other than the state-sponsored All Indonesian Workers Association (SPSI), but has limited its action to urging local authorities and firms not to grant facilities to the unions.

Fretilin Has 'Full Confidence' in U.S., UN

HK0409073693 Hong Kong AFP in English 0523 GMT 4 Sep 93

[Text] Macao, Sept 4 (AFP)—The new leader of East Timor's rebel group Fretilin said its fight to would [as received] continue against Indonesia and had "full confidence" the international community would find a solution to the territory's future.

In a tape sent to the Macao office of the LUSA News Agency and released Saturday, Koni Santana said the former Portuguese colony was "being scorched by the Indonesian dictatorship and soaked in blood."

Santana, who replaced longtime leader Xanana Gusmao and his brief successor Mauhunu, both arrested by Indonesian security forces, called for international support in Fretelin's fight against Indonesia.

The 70-minute recording smuggled to this Portuguese enclave was Santana's first correspondence with the outside world since assuming leadership of the military wing of the Revolutionary Front for an Independent East Timor.

"We have full confidence in the United Nations and its secretary- general, as well as in the governments of the United States and Portugal to sincerely solve the suffering of the people and small territory of East Timor," he said in Portuguese.

He referred to the massacre of pro-independence demonstrators by Indonesian troops at a cemetery in Dili on November 12, 1991, as a "historic date."

"The people of Maubere (East Timor) proved their heroism and bravery to the enemy and the world," he said.

The tape arrived with photos showing Fretilin fighters with weapons seized from the Indonesian army which invaded the colony in 1975.

A year later Jakarta annexed East Timor as its 27th province, a move Portugal and the United Nations refuse to recognise.

"The fight continues," Santana said in the tape, which recounted offensives against Indonesia, accusing Indonesia of torture, massacres and of running concentration camps.

Santana reiterated Lisbon's call for the right to self-determination by the 800,000 East Timorese, possibly through a U.N.- sponsored referendum.

Editorial on 'Coping With Stronger Yen'

BK0309135093 Jakarta THE JAKARTA POST in English 23 Aug 93 p 4

[Editorial: "Coping With Stronger Yen"]

[Text] Indonesia's economy, being heavily dependent on exports and foreign loans and investment, is obviously vulnerable to foreign exchange rate fluctuations. The more than 20 percent appreciation of the yen against the American dollar over the last seven months has especially affected Indonesia's external balance for the obvious reason that Indonesian exports to its largest trading partner, Japan, consist largely of petroleum and natural gas which are valued in the U.S. dollar. Japan is also the largest source of Indonesian imports. Around 43 percent of the government's debts are in yen and many local companies depend largely on yen loans.

Therefore, as Minister of Finance Mar'ie Muhammad said last week, the high appreciation of the yen is raising the government debt service burdens. Although this creates a difficult situation, we share the minister's optimism that the problem will not worsen to such a point that the country's balance of payments would shift into a critical position. As long as our exports continue increasing by at least 20 percent a year, our economy will be able to cushion the impact of the strengthening yen.

Moreover, we believe the Japanese and American monetary authorities will not allow the yen rate to rise to the extent that the U.S. dollar depreciates to a value of less than 100 because that might not only cause an economic recession in Japan—a development that would not benefit any country—but also could force many Japanese portfolio investors to sell U.S. securities, thereby raising U.S. interest rates and consequently affecting the still weak recovery of its economy.

This, however, does not mean that the Indonesian Government and the private sector can simply sit out the development in a complacent manner, hoping that everything will eventually return to its normal course. The yen appreciation is generating both new challenges and opportunities. The biggest challenge obviously is the requirement for many industrial firms which depend largely on imported components and basic materials from Japan to cut down costs to offset the higher prices of imported inputs either through higher efficiency or by sourcing their components or materials from other countries. A tougher challenge will face those firms which also use large sums of yen loans.

The opportunities arising from the stronger yen are a much wider leeway for Indonesian exports to make deeper inroads into the Japanese market and the possibility of another wave of industrial relocation from Japan to other countries as businesses struggle to remain competitive. But again these opportunities are theoretical in nature. We must work to translate the potential opportunities into reality because we are not the only supplier to the Japanese market. Our industrial firms should also explore the possibility of becoming suppliers of components to companies in Japan which want to import more from overseas to reduce their costs. Bigger exports to Japan and the relocation of Japanese plants to Indonesia will help cushion the impact of the heavier debt service burdens.

However, as is the case with the opportunity for export expansion into Japan, we should also gear up to attract Japanese investors intending to relocate their plants overseas. In doing so it is imperative that we understand that the category of the industries likely to be relocated is no longer that of labor intensive firms, but rather those manufacturing higher value-added products. Hence, despite its negative impact, the bottom line of the stronger yen could be positive for our economy, contingent upon our ability to tap the opportunities it creates.

Official: No Exact Figures on Border Crossers

BK0609144793 Jakarta ANTARA in English 1418 GMT 6 Sep 93

[Text] Jayapura, Irian Jaya Sep 6 (ANEX/ANTARA)—Officials from the Irian Jaya government have still not been able to obtain the exact figures on the number of border crossers who escaped into Papua New Guinea's territory.

Local government spokesman F.X. Suryanto told ANTARA on Monday that every time the question was raised to the PNG government, they would give an estimate of 3,000 men without precise details.

He said it was important for his administration to know the exact total for repatriation purposes. Since April, 237 illegal crossers of Merauke and Jayapura districts have been returned to their native villages, he said.

Based on reports from the PNG government, the border crossers from Irian Jaya were accommodated in the official United Nations High Commission for Refugees (UNCHR) camps in Kiunga and East Awin. But those deported back home said that some came from unofficial camps like those in Kiuiu and Weam.

Last September, about 200 people from Sota village in Merauke and 224 others from Mamberamo Hulu village in Jayapura escaped into the PNG territory.

They ran away from their native villages because of harassment and instigations by members of Irian Jaya's illegal GPK security disturbance movement.

Laos

Leaders Send Greetings on SRV National Day

BK0209081193 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 2 Sep 93

["Joint message of congratulations" from Khamtai Siphandon, chairman of the Lao People's Revolutionary Party, LPRP, Central Committee and prime minister of the Lao People's Democratic Republic, LPDR; Nouhak Phoumsavan, president of the LPDR, and Saman Vignaket, chairman the National Assembly of Laos, to the SRV party and state leaders on the occasion of 48th anniversary of the SRV National Day, 2 September 1993—date not given]

[Text] To Comrade Do Muoi, general secretary of the Central Committee of the Communist Party of Vietnam [CPV]; Comrade Le Duc Anh, president of the SRV; Comrade Vo Van Kiet, prime minister of the SRV; and Comrade Nong Duc Manh, chairman of the National Assembly of the SRV, in Hanoi:

On the occasion of the 48th anniversary of the SRV National Day, on behalf of the Lao People's Revolutionary Party [LPRP] Central Committee, the government, the National Assembly, and the people of Laos, and in our own names, we would like to extend our best wishes to you, comrades, and through you to the CPV Central Committee, the government, the National Assembly, and all the fraternal people of Vietnam.

The establishing of the SRV on 2 September 1945 was a victory of historic significance in the sacrificial struggles of the heroic Vietnamese people under the courageous and capable leadership of the CPV for the independence and freedom of the country. The Lao party, state, and people are very pleased and proud to see that throughout the past 48 years, the fraternal Vietnamese people have highly enhanced and improved the patriotic spirit, performed many superbly heroic deeds, completely liberated their country, and unified the fatherland in recent years.

The Vietnamese people have resolutely passed tough tests and constantly protected the fruit of the revolution, especially in achieving major successes in the implementation of the comprehensive renovation policy. As a result, the SRV has steadliy made progress and developed its more prominent status and role both in the region and the world.

We are very pleased to see that throughout the past period the relations of friendship, special solidarity, and comprehensive cooperation between our two countries have incessantly improved, thus bringing real benefits to the peoples of our two nations.

On this glorious occasion, on behalf of the party, state, and people throughout the country, all of us would once again like to express our sincere thanks to the party, state, and fraternal people of Vietnam for having always rendered great and invaluable assistance and support to the revolutionary tasks of the Lao people. At the same time, we would also like to express our resolute determination to continue together with the party, state, and people of Vietnam, to implement all the agreements previously reached by both sides, in order to make the traditional special solidarity and comprehensive cooperation between Laos and Vietnam enjoy new development and flourish ever more.

We wish fraternal Vietnamese people under the leadership of the honorable and dignified CPV to attain new and greater victories in carrying out the tasks of national defense and all-round renovation, and bring gradual progress and prosperity to Vietnam. We wish all comrades good health and success in your noble tasks.

Electric Company Reports Construction Projects

BK0709045793 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 7 Sep 93

[Interview with Houmphan Boun-gnaphon, director of Lao Electric Company, by unidentified station correspondent; place and date not given—recorded]

[Excerpt] [Passage omitted] With regard to the implementation of the infrastructure construction plan to expand the electrical network to rural areas, as of now, it has been partly completed. The projects which have been partly fulfilled include the following: the construction of the project to expand the Se Labam hydropower plant has been 95 percent completed; the construction of the high-voltage electrical lines linking Thalat and Luang Prabang has been 45 percent completed. Along with these projects, there are others which are now in the period of preparation and survey. They include the project to build the Nam Seng Dam, the project to expand electrical services in central and southern provinces, the project to conduct surveys for the construction of the Nam Mang Dam in the third phase, and the project to conduct surveys for the construction of the Nam Mo and Houai Ho Dams. The cost for the implementation of these projects for the first half of this year amounted to more than $2.81 million, including loans granted by the World Bank. Funds drawn from local sources toward these expenses totaled more than $262,000. [passage omitted]

Philippines

Fidel Ramos Urges Stronger Ties With SRV

HK0709043293 Quezon City MALAYA in English 4 Sep 93 p 2

[Text] President Ramos yesterday called for stronger bilateral relations between the Philippines and Vietnam as he reiterated his government's commitment for peace and prosperity among countries in the Southeast Asian region. Ramos expressed these in a congratulatory message to Vietnamese President Le Duc Anh on the 48th anniversary of the proclamation of independence of the Socialist Republic of Vietnam yesterday.

In a separate message to Vietnamese Premier Vo Van Kiet, Ramos reaffirmed his government's commitment to explore ways and means to strengthen bilateral and regional cooperation with Vietnam. "I am pleased to extend on behalf of the government and people of the Republic of the Philippines, heartfelt felicitations on the occasion of the 48th anniversary of the proclamation of independence of the Socialist Republic of Vietnam," Ramos said.

He said relations between the Philippines and Vietnam have always been cordial and friendly. He said these were enhanced on a regional scale by Vietnam's accession to the Treaty of Amity and Cooperation in South East Asia and support for the ASEAN Declaration on the South China Sea. "I express my fervent hope that the close and friendly relationship existing between the Philippines and Vietnam will continue to be strengthened for the mutual benefit of our countries and peoples," he said.

Relations between the two countries had been strained because of the long-drawn dispute over the Spratly group of islands in the South China Sea. Apart from the Philippines and Vietnam, four others countries are also claiming territorial jurisdiction over the Spratlys. These are Taiwan, People's Republic of China, Brunei and Malaysia. The contesting countries have agreed to settle the issue amicably. Vietnam is also being considered as the venue for the exploratory talks between the Philippines government and the communist National Democratic Front.

Ferdinand Marcos Remains Arrive in Ilocos Norte

HK0709062093 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 0400 GMT 7 sep 93

[Italicized passages in English]

[Text] The body of former President Ferdinand Marcos, carried in a funeral carriage drawn by two black horses, has yet to arrive at St. Williams Cathedral in Laoag City.

The funeral procession, attended by several thousand people from different parts of the country, is expected to last up to three hours. The procession is currently in front of Northwestern University, which is just 4 km from the Laoag International Airport. As there are 9 km between Laoag International Airport and St. William's Cathedral, it is expected that it will still take some time before the body arrives at the cathedral, where a high mass will be held.

The remains of the former president arrived at the Laoag International Airport at around 0844, where they were welcomed by thousands of people singing "I Am a Filipino" on the tarmac. Twenty-one retired generals, led by Brigadier General Santiago Parangan, served as pallbearers and carried the coffin from the airplane onto a platform draped in black, where Mrs. Marcos and the former first family were waiting to view the body.

The former first lady was late in arriving at the airport due to the heavy traffic between Batac in Ilocos Norte and the Laoag International Airport. Mrs. Marcos, along with her children: Imee, Irene, Bong Bong, Tommy Manotoc, and Liza Araneta-Marcos, surrounded the coffin. Others who paid their respects to the former chief executive included Vice President Joseph Estrada, Congressman Roquito Ablan, and Monsignor Domingo Nieves.

After the mass at the cathedral, the late president will be brought to the provincial capitol, where it will be on display until 1600 tomorrow, at which time, according to Lito Gorospe, a torch parade will take the body of the former president to the Don Mariano Marcos State University, where the remains of Marcos' mother, Mrs. Josefa Edralin-Marcos, will be waiting. Gorospe expects that the procession will last anywhere from six to seven hours.

Task Force Subli, led by Colonel Cecilio Penilla, is still uncertain as to how many people were on hand to welcome the former president's remains.

[Begin recording] [Penilla] *The crowd is dispersed all along the road, at the capitol, and at the cathedral.*

[Reporter] How many people are there?

[Penilla] We still have no report on the number. *We are still waiting for the report from our....* [sentence as heard] [end recording]

Roundup of Rebel Activities for 28 Aug-3 Sep

HK0509061193

[Editorial Report] The following is a roundup of reports on Philippine rebel activities from Philippine media monitored by Hong Kong Bureau from 28 August to 3 September. Source information is given in parentheses at the end of each item.

28 August

No fileworthy items monitored.

29 August

A top New People's Army (NPA) leader surrendered to authorities in Bongabong, Oriental Mindoro, to take advantage of the government's amnesty program. Danilo Ancieto, also known as Comrade Bador and Comrade Dexter, is the leader of the NPA propaganda unit operating in the towns of Bongabong, Gloria, and Bansud. (Manila Manila Bulletin in English p 13)

Several unidentified men, believed to be Moro National Liberation Front (MNLF) guerrillas, ambushed, and wounded four marine soldiers who were en route to their detachment in Sitio Tagbak near Indanan, Jolo, Sulu. The ambush occurred at 2100 on 26 August. (Manila PHILIPPINE DAILY INQUIRER in English p 12)

30 August-1 September

No fileworthy items monitored.

2 September

About 500 firearms were surrendered by Muslim rebel returnees in Marawi City. About 2000 Moro National Liberation Front and Moro Islamic Liberation Front former commanders also surrendered. Witnesses to the mass surrender were House Speaker Jose de Venecia and Lieutenant General Arturo Enrile, Philippine Army commanding general. (Quezon City ABC-DWET Television in Tagalog 1000 GMT)

3 September

An Army soldier was killed and eight others were injured when NPA rebels attacked a geothermal drilling site in Mount Apo, Kidapawan, North Cotabato, on 31 August and 1 September. Army soldiers were guarding the project, owned by the Philippine National Oil Company, to protect its civilian workers. No casualties were reported on the rebel side. (Quezon City Malaya in English p 1)

Semiannual Gross National Product Increases

HK0709043093 Manila PHILIPPINE DAILY INQUIRER in English 4 Sep 93 p 17

[Text] The economy, as measured by the gross national product (GNP), expanded by 1.79 percent during the first six months of 1993, the National Economic and Development Authority said yesterday. This was a big improvement from the dismal 0.61 percent growth in the first half of last year.

In a report to President Ramos, Economic Planning Secretary Cielito Habito said the growth was robust in the second quarter. GNP, which measures the value of goods produced and services rendered for a given period plus income from abroad, grew by 3.5 percent during the second quarter of this year. Habito said the second quarter performance was a solid turnaround from the 1-percent GNP contraction in the same period last year.

Gross domestic product (GDP), which is an indicator of the domestic economy's performance as it excludes income from abroad such as those from exports, posted a growth of 0.69 percent for the first six months, or an improvement from the previous year's 0.13 percent. GDP growth for the second quarter was a much improved 1.7 percent, reversing the 0.9-percent decline in the same period last year.

Habito said the difference between the GNP and GDP growths could be traced to the continued positive level of income from abroad due to higher remittances and reduced foreign interest payments. Habito, who is also director-general of the Neda [National Economic Development Authority], said all the major economic sectors recorded growths in the second quarter despite the serious power crisis, ending the downtrend that started in the second quarter of 1992. He said that the factors that cushioned the impact of the power crisis included the following:

—Increase in agricultural production as a result of more favorable weather condition;

—The pump-priming activities of the government, which boosted construction activities particularly from April to June;

—General stability in domestic prices of basic goods and services, and

—The relatively lower interest rates.

The combined agriculture, fishery and forestry sector grew by 2.51 percent in the second quarter fueled mainly by the improved yield of agricultural crops. However, the industrial sector continued to register a decline during the first half of 1993, although its performance showed a slight improvement in the second quarter. Among the industries, manufacturing remained the hardest hit by the power crisis, with its production contracting by 2.91 percent in the second quarter.

The Neda chief noted that some industries reported growth during the period, including electrical machinery, 11.02 percent transport equipment, 10.69 percent; metal industries, 10.59 percent, and wood and cork products, 7.63 percent. On the demand side, Habito said the major stimulus to growth was the 3.3-percent expansion in consumption spending of house-holds. He added that fixed capital investments also grew by 17.3 percent in the second quarter, with public construction expanding by 26 percent. Exports, Habito said, grew by 4.7 percent as merchandise exports led by semiconductors and electronics managed to post a 12.8-percent growth.

Thailand

'Unknown Cambodian Faction' Shoots Spotter Plane

BK0609142893 Bangkok Army Television Channel 5 in Thai 1200 GMT 6 Sep 93

[Text] An L-19 spotter plane belonging to the Burapha Task Force has been hit in its left wing by members of an unknown Cambodian faction using a 12.7-mm antiaircraft gun.

The incident took place at about 1100 today while the plane, No. 5077, was flying a reconnaissance mission at an altitude of 500 feet in the vicinity of Ta Ngok Mountain in Khlong Hat District, Prachin Buri Province. The pilot, Captain Banlusak Sombunranasap, managed a safe emergency landing.

Officers Seek PADK Meeting

BK0609114893 Hong Kong AFP in English 1132 GMT 6 Sep 93

[Text] Aranyaprathet, Thailand Sept 6 (AFP)—A Thai army spotter plane was shot at and hit by Khmer Rouge guerrillas over the Thai-Cambodian border Monday but there were no injuries and the pilot managed to land safely, an army offical said.

The plane was on a routine inspection flight some 50 kilometres (31 miles) south of this border town, with three servicemen on board, when it was fired on and hit in its right wing.

The official said Thai officers would seek a meeting with Khmer Rouge commanders to determine the reason for the attack and to prevent similar incidents happening again.

Officials Discuss U.S. Priority Watch List

BK0709100393 Bangkok NAEO NA in Thai 7 Sep 93 p 5

[Text] Commenting on the Commerce Ministry's plans if Thailand is removed from the U.S. Priority First Country [PFC] list, Deputy Commerce Minister Phaithun Kaeothong said the removal would be a good thing because it will strengthen the confidence of investors who invest in Thailand. Trade, particularly with a superpower like the United States, would increase from the previous annual growth of 10 percent. The growth in the past six to seven months was below that level. The Commerce Ministry has always been ready to coordinate with other government agencies and the private sector to expand trade.

Board of Trade Director Prayun Thaloengsi said it is unlikely that the United States will place Thailand on the PFC list again, after having placed it on the Priority Watch List [PWL], if it deems that Thailand has not achieved sufficient progress in the copyright and patent protection. He reasoned that Thailand has made continuous progress in the intellectual property rights issue as demanded by the United States. A reduction in film duties was achieved without any problem. For this reason, it would be the right thing for the United States to remove Thailand from the PWL.

Prayun said: "It is unlikely that Thailand will be placed on the PFC list again after having been removed from the list in only a few months. The United States will be playing an unfriendly game if it does that, and it would have been better not to remove Thailand from the PFC list in the first place."

A Commerce Ministry source said that in principle, the next step for the United States should be to consider removing Thailand from the PWL in early 1994. But it is possible that it could reverse this process based on Thailand's failure to comply with the pledges and signed memorandum.

Trade Surplus with United States Increases

BK0609093993 Bangkok PHUCHATKAN in Thai 6 Sep 93 p 3

[Text] During the first five months of this year, Thailand gained a trade surplus of $1,611.3 million with the United States, an increase of 13.5 percent over $1,419.5 million registered in the corresponding period of the past year, according to a report from the Office of Thai Commerce in Washington.

During the period under review, the total value of the U.S. exports to Thailand was $1,530.7 million, an increase of 18.1 percent over $1,296.5 million recorded during the corresponding period of 1992.

The total value of Thai exports to the United States was $3,142 million against $2,715.8 million recorded during the same period in 1992, representing 15.7 percent increase.

Computers and computer equipment ranked first on the list of Thai exports to the United States with the total export value of $314.5 million and 9 percent of the U.S. market share.

The second on the export list is fresh and frozen seafood with the total export value of $194 million. Thailand is the biggest seafood exporter to the United States, with a market share of 19.8 percent. The third is electrical circuits worth $174.3 million with a market share of 2.6 percent.

Official: Malaysia Uses MiG's as Chip With U.S.

BK0709042093 Bangkok BANGKOK POST in English 7 Sep 93 p 12

[Text] Army Commander-in-Chief Gen Wimon Wongwanit says he does not believe Malaysia will buy MiG-29 Fulcrum fighters from Russia.

The country is only tricking the Americans into selling their F/A-18 Hornet fighters at a low price, he claims.

During a special lecture to 250 Chulalongkon University first- year political science students at the Army auditorium, Gen Wimon said the Malaysians had not yet signed a purchase contract for MiG- 29s although it has been reported that Kuala Lumpur planned to buy a squadron of 18 Russian modern combat aircraft instead of 30 as stated earlier.

Malaysian was also earlier reported as deciding to buy eight F/A- 18s.

Accordingto the Army chief, the Malaysians have shrewdly bargained with the Americans by showing a preference for the cheaper Russian aircraft although they did not intend to buy them.

Russia was said to have offered to trade MiG-29s for Malaysian palm oil and other produce besides cash.

Retiring Air Force Commander-in-Chief ACM Kan Phimanthip raised concern about the air power balance in the region following Kuala Lumpur's reported plan to buy MiG-29s and F/A-18s.

ACM Kan was not available for comment on the issue yesterday but he earlier said the Russian aircraft would not be on Thailand's arms purchase list largely because of their incompatibility with facilities in this country.

The aircraft would be strange for Thai pilots and the repair and maintenance crew well versed in American weapons systems.

Gen Wimon said that in buying combat aircraft, he would first consider what kind of weapons system they had and the enemy it could deal with.

"I wonder if the Russian aircraft could be used to produce artificial rain. If they could, I would buy them."

The Army chief, who gave a lecture on the topic of the "Military Role in National Development", said cost-effectiveness of a weapons system should be considered and he should take "years to think it over".

Gen Wimon said American and Russian arms were still a buyers' market.

The Army would always make arms purchases on a government-to- government basis and require after-sales service, he said.

Government To Shelter Fleeing Cambodian Refugees

BK0409015793 Bangkok THE NATION in English 4 Sep 93 p A2

[Text] Thailand has agreed to a request by the United Nations High Commissioner for Refugees (UNHCR) to provide temporary shelter for Cambodians fleeing fighting between government troops and the Khmer Rouge, the Foreign Ministry announced yesterday.

UNHCR chief Sadao Okata made the request in Geneva when she met Deputy Foreign Minister Surin Phitsuwan, who attended a two-day International Conference on War Victims this week, a press release said.

Surin had agreed to the request and said the government was ready to help reconstruct and rehabilitate Cambodia.

"Thailand will co-operate with the UNHCR in every way and in providing assistance to the displaced Cambodians," Surin replied.

Thailand has prepared an aid programme for Cambodia which includes assistance with public health, communications, transportation and road construction, the statement said.

Hundreds of Cambodians fled across the border as troops from the three Cambodian factions forming the interim government launched a major offensive against the Khmer Rouge.

UNHCR Praises Work for Refugee Problem

BK0609072893 Bangkok Radio Thailand Network in English 0000 GMT 6 Sep 93

[Text] The United Nations High Commissioner for Refugees, Mrs. Sadao Ogata, praised Thailand for cooperating with the United Nations to solve the refugee problem in Southeast Asia. Mrs. Ogata met Deputy Foreign Minister Surin Phitsuwan at the International Conference for the Protection of War Victims in Geneva, Switzerland from 30 August to 1 September, 1993. She expressed her thanks to the Thai Government for having played an important role in solving problems in this region. Mrs. Ogata has also shown her appreciation for His Majesty the King's gracious assistance for Somalia. He has asked the Thai Government to send rice to help ease famine in that country.

Mrs. Ogata also told Mr. Surin that the UNHCR is now phasing out of Camboida and asked the Thai Government to provide temporary shelter for some displaced Cambodians. Mr. Surin also thanked the UNHCR for helping solve problems on Indochinese refugees and displaced persons in Thailand and reaffirmed Thailand's stand in helping reconstruction and rehabilitation in Cambodia. He said the Foreign Ministry will hold a meeting for ambassadors of neighboring countries in Thailand and presidents of institutes of higher education to discuss further academic cooperation between Thailand and Indochinese countries.

Vietnam

Commentary on U.S. Businessmen's Activities

BK0609124393 Hanoi Voice of Vietnam in English 1000 GMT 6 Sep 93

[Station commentary]

[Text] A delegation of officials and businessmen from Michigan State in the USA will visit Vietnam in November. It is one of the first commercial delegations to visit Vietnam under the sponsorship of the U.S. Administration. The visit of the delegation proves that American businessmen do not want to be late in the Vietnamese market. Last year, the number of the trade delegations from the USA was a few. But this year, it has increased rapidly.

Since early this year, many American businessmen have visited Vietnam. They represented different important economic branches, including banking, electronics, computer, telecommunications, food processing, chemistry, oil, accountancy, and law-making.

In August, Vietnam received a delegation of the Trade Subcommittee of the U.S. House of Representatives led by its chairman, Mr. Gibbons. This 30-member delegation was the first high-level delegation from the U.S. Congress to visit Vietnam. Since then, many other high-level delegations came to Vietnam from the USA.

An AFP correspondent remarked that every two weeks now a political or economic delegation from the U.S. is visiting Vietnam, and they are bearing fruit.

In August, the Coca Cola Company of the USA signed a contract of producing soft drinks worth $25 million. According to the American magazine TIME, in the first seven months of this year, about 160 American companies were licensed by the Treasury Department to go to Vietnam to study business opportunities.

All American businessmen share the same view that Vietnam with the population of 70 million which has abundant labor force and natural resources is the market with great potential. They fully recognize great achievements recorded in the process of renovation in Vietnam. Therefore, they could not wait for the lifting of trade embargo against Vietnam. For them, the U.S. trade embargo on Vietnam is ineffective.

TIME magazine noted that at each minute passed with the embargo still in place, American companies lose their chance of doing business as well as great benefits. This is the reason why many American businessmen keep arriving looking for a possibility to invest or cooperate with Vietnam.

Do Muoi, Dao Duy Tung Visit Lang Son Province

BK0609123993 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 5 Sep 93

[Text] Comrade Do Muoi, party general secretary; and Comrade Dao Duy Tung, member of the Political Bureau and secretary of the party Central Committee, paid a two-day visit to the party organization and multiethnic compatriots of Lang Son Province, a historical stretch of land in the fatherland's northernmost border, on 2 and 3 September.

The two comrades had working sessions with the standing boards of the provincial party committee, people's council, and people's committee as well as of the Lang Son City Party Committee. They also visited Hoang Dong and a number of historical and cultural ruins in the city's outlying areas.

Comrade Hoang Tanh, member of the party Central Comittee and secretary of the provincial party committee; and Comrade Chu Hat, chairman of the provincial people's committee, briefed these high- level party cadres on the results obtained by Lang Son in the implementation of the party Central Committee's seventh plenum resolution and other party Central Committee plenum resolutions over the past two years.

With the renovation line and the open-door policy, trade activities in the Lang Son marketplace have, of late, developed in a diverse and copious fashion. The province has striven to rearrange various state-run trade establishments so they can operate effectively and surge forward to control the market. Meanwhile, it has exploited various sources of capital with which to invest in building various grass-roots economic, cultural, and social establishments, especially the road, electricity, and water systems.

In their briefing, they also pointed out difficulties and residual problems to be overcome. It is especially noted that agricultural and forestry production is still heavily characterized by self-sufficiency. The area of fallow land and bare hills is still very large and left unexploited. Industry has not been developed. The potential of various economic components has not been appropriately mobilized for invement in increased production.

In view of the actual local situation, the comrade general secretary offered some suggestions, urging the party organization, the administration, and the people of Lang Son Province to consider them to find a way out in the years ahead.

The comrade said: Despite its existing difficulties, Lang Son also has many advantages unavailable in other localities. Notably, it has a convenient traffic network made up of both rail and overland roads. In addition, many of its border gates, both national and international, have been expanded. Intrinsically, Lang Son is a mountain province imbued with huge potential in agricultural and forestry land and in animal husbandry. It is rich in mineral and raw materials resources. In its development plan, the province should clearly define its economic structure with emphasis to be placed on overcoming the present poor state of agricultural, forestry, and industrial production. Agriculturally, attention should be paid to exploiting its strengths as a mountain province. Industrially, attention should be paid to building processing facilities and those turning out construction materials, commodities, and export goods. Lang Son should step up commodity production to tide itself over the state of self-sufficiency it is experiencing now.

The issue of economic components should also be clearly defined in the province's strategy for socioeconomic development in accordance with the spirit of the resolution of the Seventh Party Congress, that is, to build a multisectoral economy with the state- run economic component playing the leading role.

The comrade urged the province to concern itself with rectifying various cooperatives, controlling the private economic sector, doing their business in accordance with the law, and fighting smuggling and tax evasion. In addition, it should take into account the interest of the regional economic structure in accordance with the motto of trying to create proportionate development and mutual-support capabilities between high-lying and low-lying areas and between rural areas and urban reas.

The comrade hailed the province's plan to build an open-door Lang Son-Dong Dang economic zone. However, he urged the province to map out specific goals and orientations for this plan and report the results to the government for consideration and decision.

General Secratary Do Muoi emphatically said: The open-door policy offers opportunity for devevelopment. The main goals of our open- door economic policy are to develop local production and create long-lasting efforts for economic development and for ensuring the people's livelihood. Our forefathers condensed what they had learned into valuable lessons of experience. To achieve stability, we should develop agriculture. To enrich ourselves, we should carry out industrial development. To keep the economy brisk, we should pay attention to support service industry. To make the country prosperous, we should improve its intellectual standard and make good use of talented people.

The comrade urged party cadres and members to wholeheartedly care for the material and spiritual life of the people, especially the multiethnic compatriots in high-lying areas, families of war invalids and fallen heroes, and those families having meritorious service to the country. The province should map out a plan to overcome as soon as possible the state of hunger, poverty, sickness, and illiteracy in various areas, particularly in the two districts of Binh Gia and Dinh Loc.

As for party-related work, the comrade pointed out the need to step up the movement to build a clean and steadfast party and to improve the militancy of party members. Party cadres and members should actively participate in the struggle against corruption, smuggling, tax evasion, and other negative phenomena. The party should intensify its leadership for building the administration and mass organizations into steadfast ones. The internal ranks of the party should remain united, trying to protect the party and their like-minded people and to firmly maintain the qualities of party members.

On this occasion, Comrade Do Muoi and Comrade Dao Duy Tung expressed hope that the party organization, the administration, and the multiethnic compatriots of Lang Son Province will develop their traditions of national defense and revolutionary struggle by continuing to step up the renovation endeavor to build a properous and beautiful Lang Son, to build and develop their cooperative and friendly relations with the administration and people of various localities in their neighboring friendly country at the Sino- Vietnamese border, and together with the entire party, army, and people, to contribute to successfully fulfilling the resolution of the Seventh Party Congress.

Minister Discusses College Education Renovation

BK0409150193 Hanoi VNA in English 1403 GMT 4 Sep 93

[Text] Hanoi VNA Sept. 4—The renovation of college education aims to provide the country with a workforce with an educational standard higher than at present and compatible with the market economy and the open-door policy in Vietnam.

This was announced by Tran Hong Quan, minister of education and training at a national conference for deans of universities, colleges and higher schools held in early August 1993.

Vietnam will continue broadening the scale of training, improving training quality and effectiveness, reorganizing the system of universities and colleges and renewing the management apparatus.

The 1993-1994 school-year will be the first year for the renovation of the objectives and curriculum in university education throughout the country. This school-year is expected to enroll nearly 39,000 students as against 27,000 in the 1992-93 school-year. In this school-year, efforts will be made in the building of a national university in Hanoi on ith basis of the Hanoi University, the Hanoi Teachers' College No.1 and the Hanoi Foreign Language Teachers' College, and another national university in Ho Chi Minh City. A number of multidisciplinary regional universities will be set up in Danang City of Quang Nam-Danang Province, Hue City and Bac Thai Province.

Besides, experimentation will begin with a semi-public college and preparations will be stepped up to open the first private colleges when conditions permit.

At present, university education is in two main forms, full-time and part-time training. The latter form includes a wide variety of courses: in-service, half-time, correspondence courses, etc. There are two graduation degrees: university and college degrees. In the 1992-93 school-year, the number of in-service students were 52,000, 14,000 more than in the 1991-92 school-year. The in-service training centres in provinces have been maintained and developed.

Special-purpose short-term training is developing at most universities, colleges and in-service training centres. At present, 30,000 persons are following different programmas of training, for instance entrepreneurs, chief accountants, or courses in informatics, agriculture, technology and business administration.

Last year, correspondence higher education developed in 11 colleges and institutes.

Post-graduate education is under way at 60 establishments enrolling 2,100 trainees.

In 1992 and 1993, the state spent nearly 15 billion dong on scientific and technological programmes at universities, colleges and research institutes.

The guideline for higher education is to give priority to what most needed by the social-economic programmes. The curricula must keep as closely as possible to the scientific and technological advances and the needs of the socialist-oriented market economy. In the immediate future, textbooks for the first stage of higher education (generalities) will be rewritten along with preparations for the re-writing of textbooks for the second stage (specialisation).

Interbank Foreign Currency Market Inaugurated

BK0309064393 Hanoi VNA in English 0611 GMT 3 Sep 93

[Text] The inauguration of the interbank foreign currency market in Hanoi last July [words indistinct] by many Vietnam watchers as an important step in banking operations in Vietnam. All state-owned commercial banks, stock commercial banks, investment and development banks, as well as joint venture banks and branches of foreign banks can now join the market to increase the effectiveness of capital use and guarantee their payment capabilities.

In the first six months of 1993, the payment period in each system of commercial banks was shortened from 5 or 7 days to only one day and even a few hours in some special cases thanks to the equipment of more up-to-date computer systems. This has also helped the banks to enhance their capacity of capital regulation within each system, overcome capital shortage, and reduce borrowings. Forty-eight among the 53 city and provincial banks have begun effecting compensation payments among their branches. In Hanoi and Ho Chi Minh City, this form of payment has reached down to the district level. Money transfer through the computer system is being effected at almost all branches of the commercial banks.

Proceeding from the realities of the economy, and departing from the policy of close control of the credits instituted in 1992, the banks have step by step expanded their credit operations aimed at meeting to a much larger extent the need in capital of the economy on the basis of the fullest possible mobilisation of capital sources inside and outside the country. By the end of June 1993 total credits had increased 29 percent over the level at the end of 1992. Worthy of note is that of the total of credits already granted the non-state sector received 22 percent, 7 percent more than at the end of 1992. The idea behind this move is to cater for all economic sectors at an equal interest rate. Eight branches of foreign banks, three joint venture banks and 22 stock commercial banks had up to the end of May 1993 made loans representing 11 percent of the total loans made by all state-owned commercial banks. Modest as they are, these loans have diversified banking operations and created a healthy competition for the emergence of a credit market with the ultimate goal of spurring economic growth.

Also in the past half-year, the banks have attached special importance to mobilizing domestic sources of capital, especially the idle money among the population. Multiple forms of savings have been adopted: government bonds, savings deposits in foreign currencies [words indistinct] have resulted in the mobilisation of more than 15,000 billion dong, 8 percent more than in the whole of 1992. In particular, savings in government bonds increased by three times. The interest policy continues to be readjusted in order to ensure the preservation of capital and profits for both depositors and borrowers, and is applied flexibly to keep pace with the fluctuation of market prices. In particular, the interest policy has largely contributed to keeping the price rise index relatively stable, thus avoiding major upheavals in the economy while assuring the capability of capital accumulation and the continued expansion of credit operations.

Australia

Director-General Discusses ASIO's Mission

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[By Cameron Stewart]

[Text] As a young diplomat at the height of the Cold War, David Sadleir admits he was somewhat spooked by the Australian Security Intelligence Organisation [ASIO]. To Sadleir and his peers on the cocktail circuit in the early 1960s, ASIO had a fearsome reputation as a strongarm spy agency capable of destroying the career of our budding envoys at even the hint of an unwise liaison.

It is somewhat ironic, therefore, that three decades later Sadleir finds himself on the throne of the organisation he once viewed with suspicion.

As Director-General of Security he has been given the task of nothing less than ensuring a future for ASIO in the post-Cold War era. It is a challenge as difficult as any posed by foreign espionage in the organisation's 44-year history.

Sadleir, a diplomat of 30 years' experience and a reputation as a highly competent administrator, is fully aware of the historical baggage that burdens the spy agency he took over 15 months ago.

ASIO was a baby of the Cold War. Born in 1949 after it was found that secret documents relating to weapons technology in Canberra had slipped into Russian hands, ASIO lived and breathed the East-West conflict for 40 years. During this time it achieved some significant, but largely unpublished, espionage successes. But it also engaged in some highly unethical politically-motivated monitoring of Australian citizens which gained ASIO a lasting reputation among Labor voters as an untrustworthy instrument of conservative politics.

There is a view held by many in the community—and even by some who work in intelligence—that ASIO should have fallen along with the Berlin Wall. The critics say the collapse of the Soviet Union and the Eastern Bloc has dramatically improved Australia's security situation and has turned ASIO into a dinosaur, lumbering towards extinction in the new world order.

It is an assessment that makes Sadleir bristle. "I didn't take the job to come to Jurassic Park," he says. He insists that threats to Australia's security are "alive and kicking"—it's just that their nature has changed. "The main thing with the end of the Cold War is that a lot of our attention is on issues of politically motivated violence," he says. "In the old days the emphasis used to be very much on foreign espionage.

"That still remains a significant element of our work but politically motivated violence, unfortunately, has been a growth element in the international scene, and not least in our own region of the world, so we have had to give increasing resources to that.

"Nowadays, that is our major problem—our major long-term problem—to protect this country and its people from terrorists. If we are soft on that kind of thing and we don't have the proper defences in place, then those who look to demonstrate, by international spectaculars, their opposition to wrongs they have suffered, imagined or real, will look to places like this."

Sadleir estimates ASIO now devotes around 45 percent of its resources to countering the threat of terrorism on Australian soil. By contrast, he says the percentage of ASIO's resources directed at countering foreign espionage has fallen from around 60 per cent 15 years ago to only about 35 per cent today.

"We don't have six or seven East European countries that have significant intelligence bases (in Australia) any more and overall, therefore, the community of foreign intelligence operatives of one kind or another has decreased here," he says.

But, despite the drop in spies from the Eastern Bloc, he warns that there is still significant international interest in Australia's secrets. Espionage is timeless—even the Egyptians 5000 years ago had a well-organised secret service, Sadleir says.

ASIO, in a parliamentary submission last year, warned that although there were fewer Soviet spies in Australia, there had been an increase in the presence and aggressiveness of Asian intelligence services.

Sadleir is reluctant to expand on this except to say that "Australia is an active player on the international scene—a very active player on the international scene. We have taken several important initiatives and I think people are interested in what we may be thinking and planning.

"Overall we are conscious that interest in us remains at a high level."

Although Sadleir agrees there has been an increase in foreign interest in Australia's economic, trade and technological capabilities since the end of the Cold War, he believes it is still political and security secrets that are most sought after by foreign intelligence services. He says ASIO is not an appropriate organisation to become involved in economic and commercial intelligence matters and should confine itself strictly to security- related intelligence.

Some in the intelligence community are sceptical of ASIO's claims that Australia still faces many potential threats to its security. They point out that it is in the organisation's interests to highlight any threats, no matter how remote, to justify its continued existence and to ward off further budget cuts.

A classified government review of ASIO last year concluded threats from politically motivated violence and foreign espionage would continue despite the end of the Cold War. However, it said the removal of the Soviet threat impacted more on ASIO than Australia's other intelligence agencies and there was scope, therefore, for ASIO's budget to be cut.

The Government subsequently cut around $4 [Australian dollars] million from ASIO's $50 million budget and there are concerns about possible further cuts in next week's Federal Budget.

Sadleir's job has been to minimise the impact of these cuts on ASIO's capability, while at the same time restructuring the organisation and redirecting its focus to make it relevant to the 90s. After just over a year as director-general, Sadleir is this month putting the finishing touches to a wholesale restructure of ASIO's resources and priorities to ensure its relevance—and its future—into the next century.

He has streamlined all of ASIO's key divisions and introduced what he believes are the most significant changes in management practice and organisational culture in the agency's history. Almost all major management positions have been reorganised and, in many cases, refilled, under guidance from a committee that included private sector consultants.

People from outside the organisation will now head ASIO's Promotions Appeals, Grievance Review and Disciplinary Review Committees. Even the ASIO Staff Association is reported to be close to striking an enterprise agreement with ASIO management—an agreement which ironically would make ASIO the first organisation to have a nonunion enterprise agreement sanctioned by the Government.

These moves may seem largely unexceptional by normal Public Service standards, but they are pathbreaking for ASIO, which has for decades been notorious for poor management, largely because of its closed nature and lack of accountability. Although Sadleir says he has tried to maintain ASIO's capabilities, he concedes that all areas of the organisation have had to share some part of the cutbacks.

Put bluntly, there will be fewer ASIO agents on the streets in the 1990s than there were during the Cold War. In some cases, technology has helped ASIO offset budget cuts. For example, sophisticated surveillance cameras can now do jobs which once required the constant presence of one or more agents. However, staying at the cutting edge of rapidly evolving spy technology is an expensive business and is likely to become an increasingly large financial burden on ASIO in the years ahead.

Perhaps the most difficult of Sadleir's tasks has been to try to rehabilitate ASIO's image in the wider community. He maintains ASIO will never again become involved in countering "subversion"—the activity which, above all, brought ASIO so much public criticism over the years. Sadleir insists that the days of ASIO becoming involved in any politically dubious activities are over and cites a range of measures recently put in place to improve accountability and prevent a repeat of the undisciplined excesses of the past.

"Perceptions of a lack of accountability have caused problems for ASIO in the past," he says. "The careful array of checks and arrangements on ASIO now include the role of the Attorney General, the Parliamentary Joint Committee on ASIO, the Security Appeals Tribunal, the Inspector-General of Intelligence and Security. In addition, there are clear statutory limits to the activities of ASIO."

What's more, Sadleir says the passing of time and the 50 per cent loss of staff which ASIO suffered when it moved from Melbourne to Canberra in 1986 have combined to remove from senior management virtually all of ASIO's Cold War warriors of the 60s and 70s.

Sadleir's willingness to be interviewed by this newspaper is another part of his policy of trying to "demystify" ASIO in the eyes of the public. But he concedes that public suspicion about ASIO and its activities still exists and says it is unlikely to change overnight.

"Clearly it does take time to change public perceptions in this area—the organisation was very closed in the past," he says.

With most of Sadleir's reforms in place it now remains to be seen whether they will resuscitate ASIO. If they do, it will be a new- look more accountable ASIO which will confront the post-Cold War era of espionage. If they fail, the spy agency which has commanded such a notorious place in this country's history is likely to slowly wither.

Even James Bond would admit that in the game of espionage, these are high stakes indeed.